

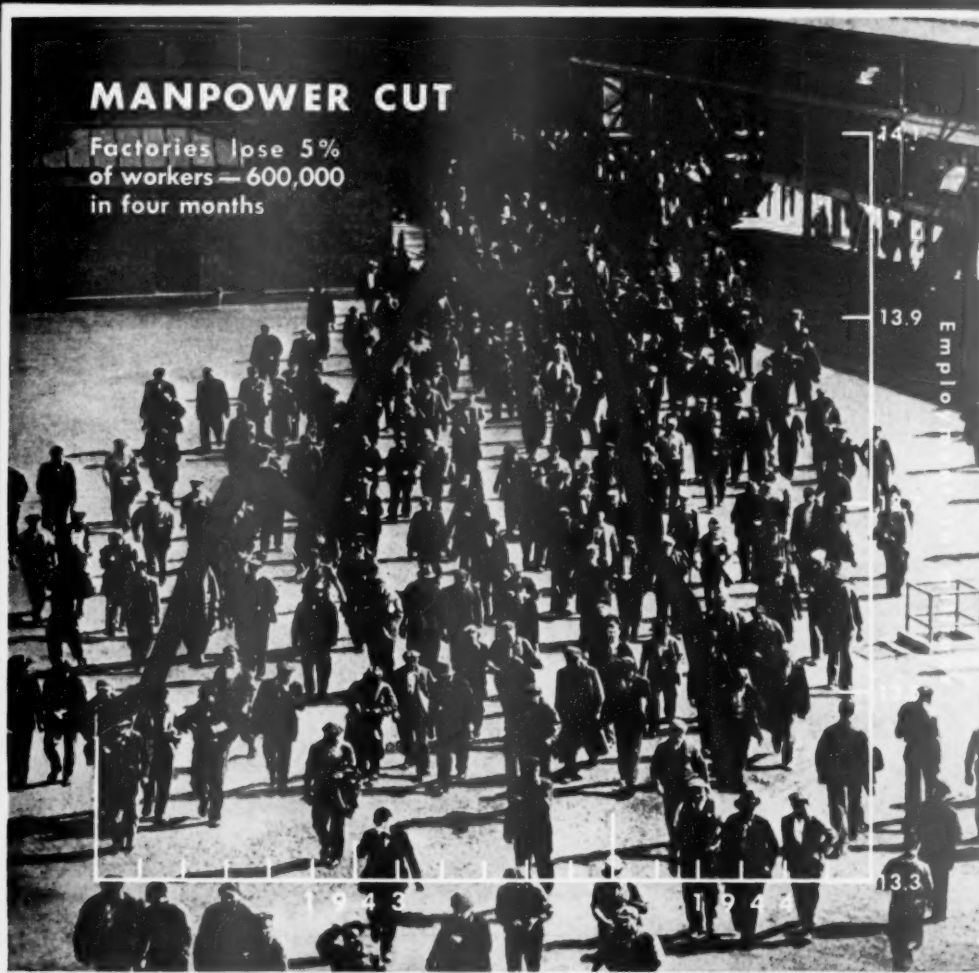
BUSINESS WEEK

WEEK
AGO

YEAR
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MANPOWER CUT

Factories lose 5%
of workers — 600,000
in four months



START
OF WAR
1939

In This Issue:

Industry Plans Pensions

A Report To Executives



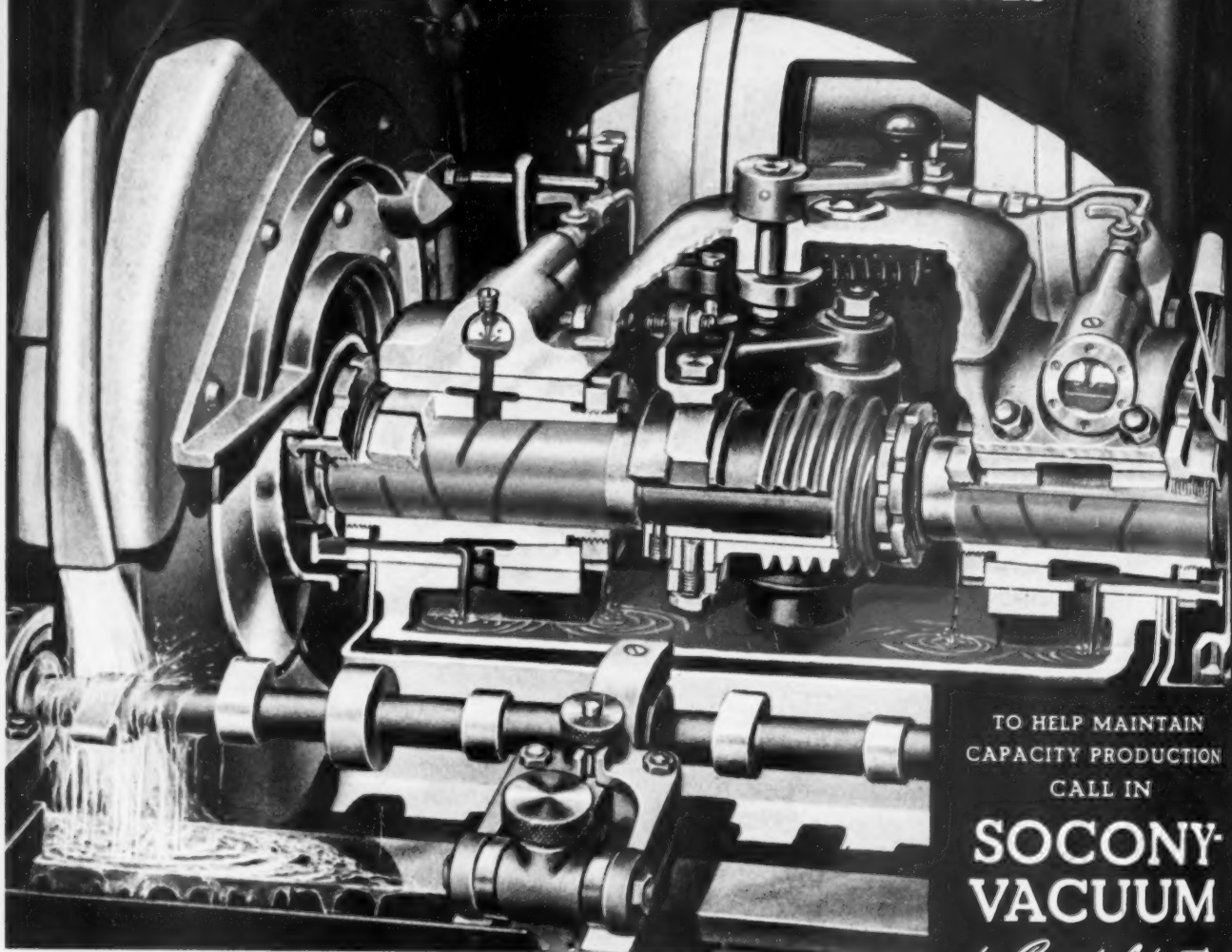
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BUSINESS
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And when low cost-per-unit again becomes *all-important*, the same high quality Gargoyle lubricants will help you conserve power and obtain continuous production with minimum maintenance and lubrication costs.

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ALTHOUGH he may have expert instructions, it is only by actually using a fly-rod that a boy gets the experience and knowledge of a veteran fisherman necessary to recognize the best in performance. And only by the same method—*actual use*—can your development engineers learn to appreciate the superb performance of Hycar synthetic rubbers—performance you want in your own products.

Hycar is a superior synthetic rubber—completely resistant to petroleum products of all kinds, with an operating range from -65° to $+250^{\circ}$ F. and an abrasion resistance 50% greater than natural rubber. Un-

like many other resilient materials, Hycar has a minimum tendency to cold flow after taking the initial deformation, even at elevated temperatures. Further, it can be tailored to fit the job because oil-swell can be very closely controlled.

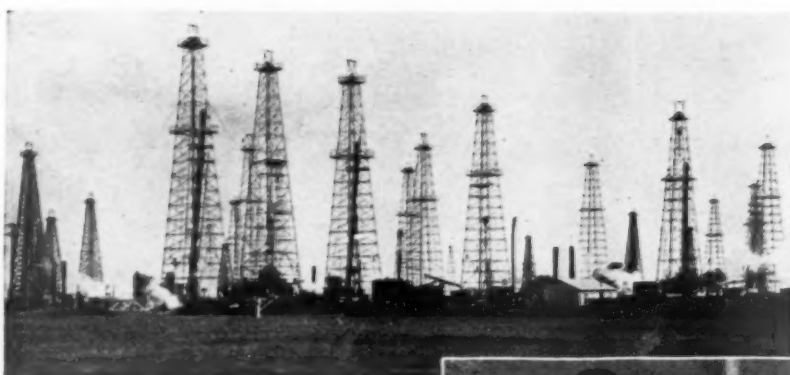
Make sure your resilient products are giving the best possible performance—ask your supplier to furnish you parts made of Hycar for actual tests in your applications or products. Our technical staff and laboratory will be glad to give you the benefit of their experience. *Hycar Chemical Company, Akron 8, Ohio.*

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RUBBER PRODUCTS

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WASHINGTON BULLETIN

Civilian Output Is Secondary

Pending major reconversions that must wait until victory is apparent in Europe, stepping up manufacture of needed civilian goods will remain subject, in general, to the prior claim of military requirements on plant capacity, manpower, and materials.

That situation presents a perplexing problem to WPB. It likewise demands that WPB establish, for the interim, a positive policy and methods for programming civilian production.

WPB hasn't yet come forward with such a policy.

Irons in the Fire

This week there is only more confusion in the reconversion outlook to report, as a result of instructions issued last week freezing civilian goods manufacture at the first quarter level in Group I and Group II labor areas (BW—Apr. 15'44, p5).

These instructions were issued—during the absence of Donald Nelson on a short vacation—in the form of a memorandum to WPB's industry divisions by Lemuel R. Boulware, WPB's operations vice-chairman.

In line with these sweeping instructions, announcement was made that the program for production of electric irons had been cut back from 2,000,000 to 200,000, and plans involving other civilian goods were halted.

In the hubbub to which Donald Nelson returned, the uppermost question was: What would he do?

Acknowledging that a great deal went on in his absence, Nelson stated that there would be "amendments" to the Boulware memorandum. Indications at midweek were that the memorandum would be recalled. Regarding the electric iron cutback, Nelson said that "We want 2,000,000 and will try to get them any way we can."

Nelson emphasized that some items of civilian production are just as important to the war program as munitions.

Nelson Expected to Act

Observers of the conflict between Nelson's policy on civilian goods and WPB's practice expect that he will go into action soon, following a line designed to get greater production of needed goods, wherever and whenever war production will permit.

Scheduling of civilian production ac-

cording to the location of producers inside or outside of designated critical labor areas probably will be modified. This has proved to be too broad a rule of thumb.

Army Booted Its Figures

Secretary of War Henry L. Stimson took some of the heat off Maj. Gen. Lewis B. Hershey, director of Selective Service, when he reluctantly confirmed reports that the Army had made a mistake in figuring its own strength, forcing Selective Service to halt abruptly the induction of men over 26 in essential activities (BW—Apr. 15'44, p88).

Heralded originally as a means of drastically stepping up the induction of men under 26, the induction stay for older men actually was a move taken to prevent manpower from pouring into the Army far in excess of immediate needs. The demand for young men was genuine, however.

Out of the turmoil may come an effort to provide some real clarification of the draft situation—possibly a joint statement from Hershey and War Manpower Commission Chairman Paul V. McNutt outlining the new draft program.

Pressure on 4-F's Eases

The Administration will be satisfied with freezing in essential activities those 4-F's who are already there.

Congress, through the House Military Affairs Committee, has indicated that it has no more appetite to pass legislation creating limited national service for 4-F's than it has for passing a full national service law. However, the committee announced that it expected Hershey and McNutt to take further administrative action to press 4-F's into war work.

Machinery may be set up to enable draft boards, in cooperation with the U. S. Employment Service, to attempt to persuade individual 4-F's to shift to essential jobs.

The Administration does hope to maintain enough pressure on the subject to dissuade those in essential work from shifting.

Bid for White-Collar Vote

Political dopesters have been remarking for weeks that it's time for President Roosevelt to deliver on his prom-

ises to the war's "forgotten men," the white-collar workers.

He has clung to his policy of holding the line against inflation, hopeful that the shock of the invasion will restore unity on the home front, and figuring that acting tough now is good politics. It sets a stage on which to go before the voters with the claim that he saved the country from disaster.

But pointing to a record of holding down prices—and wages—is thin soup for the 20,000,000 people who are trying to live on pre-Pearl Harbor incomes.

Roosevelt has, on several occasions, expressed his solicitude for this large white-collar class but has yet to come forward with any positive means of relief. It is a tough nut to crack without breaching the Little Steel formula, but it's a fair bet that the groundwork for action is being laid in the investigation that Sen. Elbert D. Thomas of Utah is making of the plight of the white-collar class (BW—Jan. 29'44, p99).

If the reaction is favorable, Roosevelt will get behind it with everything he has got.

To Decide Pipeline's Fate

Future of the \$165,000,000 Saudi Arabian oil pipeline (BW—Mar. 11'44, p22) is hanging in the balance as preliminary Anglo-American oil discussions near a close and the Senate investigating committee is about to get its probe of the line under way.

Meanwhile, pressure is on to ease one of the companies out of participating in the line. Under the original agreement, the line would be used jointly by the Standard of California, Texas, and Gulf companies. The latter company, however, has commitments with British companies operating in the Near East which might prove embarrassing, in view of British opposition to the pipeline and our own State Dept.'s concern about the project.

Clothing Order Draws Fire

WPB's projected order freezing the output of men's, women's, and children's clothing to its 1943 pattern is still far from solid. Principal object of the order (which would parallel order M-217, governing the shoe industry) is to prevent further disappearance of low-priced merchandise.

Critics of the order say it's just another case of locking the stable door



Four engines . . . twelve hundred horsepower each . . . that's forty-eight hundred horsepower total, and every one of them will eat high-octane gasoline all the way to Berlin or Tokyo.

When 4800 horses put on the feed-bag — somebody may go hungry

► To send a thousand bombers over Germany for just *one* raid takes somewhere in the neighborhood of a million and a half gallons of high-octane gasoline.

That's one reason why we're short of gasoline on the home front. The "cream" of U. S. gasoline, the high-octane components, as well as the lion's share of our supply of antiknock fluid, is going into fighting gasoline.

Remember, practically every gallon of America's aviation gasoline contains Ethyl antiknock fluid.

More and more Ethyl is going overseas today, but after the war much of the high-octane gasoline now needed for fighting will be available for automobiles, trucks, buses and farm tractors. Ultimately, automotive engines will be designed to take advantage of this better gasoline and you'll get more work, more power and more

economy out of every gallon.

We look forward to the time when our research facilities, now engaged in war work, will be free once more to work hand in hand with engineers of the automotive, aviation and petroleum industries in developing the better, more economical transportation of the post-war world.

ETHYL CORPORATION

Manufacturer of Ethyl fluid, used by oil companies to improve the antiknock quality of aviation and motor gasoline

CHRYSLER BUILDING, NEW YORK CITY



the horse is gone—since much low-stuff had well-nigh disappeared in 1943. WPB's Office of Civilian Requirements objects because it says the order would not prevent further quality deterioration (page 89), regardless of price lines.

Exceptions to the provision freezing output at 1943 levels would be made for goods whose 1943 output is considered unsatisfactory such as infants' and children's wear, work clothing, etc.

One object of the order may be to pull OPA's chestnuts out of the fire. It looks as though congressional pressure may force OPA to drop or modify its various highest-price-line limitations (page 17). The WPB order would merely replace these at the manufacturing level.

Jesse Jones vs. Maverick

With an eye on Smaller War Plants Corp.'s recent rejuvenation under Maury Maverick's vigorous management (BW—Apr. 8 '44, p. 42), Jesse Jones has enlarged the Commerce Dept.'s activities in behalf of small business. The Bureau of Foreign & Domestic Commerce's small business unit has been raised to division status, given a new chief, Quincy Adams (former editor of *Dun's Review* and manager of the sales research division of *Dun & Bradstreet*), and a larger field to work in.

SWPC's chief advantage at this point lies in its power to lend money to small plants. Thinking in the Commerce Dept. is that the lending powers of the Reconstruction Finance Corp., also under Jones, could be utilized to take care of small business.

Small Plant Research Aid

Meantime, SWPC isn't passing up any bets. Officials in SWPC's technical advisory service would like to persuade WPB's Office of Production Research & Development to finance technical and scientific research for the benefit of small plants.

OPRD is cool to the proposition, principally because its top officials suspect that SWPC is thinking of the postwar period. OPRD doesn't want to become involved in an alliance which might serve the objectives of the Senate's Kilgore committee. The committee would like to promote technological research under government auspices, use the fruits of such research to crack patent monopolies.

Advice From Arnold

Smaller War Plants Corp.'s staff has been getting advice from trust buster Thurman Arnold. Officially immured from the world by his judgeship on the U. S. Circuit Court of Appeals for the District of Columbia, Arnold, in a recent talk to Maverick and his staff, urged them to stomp the country with a series of speeches putting big business on the pan.

Extra Nickel for Corn?

A War Food Administration plan to buy 80,000,000 bu. of shelled corn at 5¢ a bu. above ceiling prices was being considered at midweek by Economic Stabilization Director Fred M. Vinson.

The increase would be effected by paying farmers the ceiling price for shelled corn at country elevators plus the cost of shelling and hauling from farms to elevators which act as buying agents for WFA. The extra nickel would be paid whether or not the farmer did his own shelling and hauling—and no questions asked.

The corn would then be sold to processors and livestock feeders at ceiling prices. The resultant \$4,000,000 loss would be borne by the Commodity Credit Corp.

Announcement of the plan was being delayed by a Vinson counterproposal that the CCC be taken out of the picture as intermediate buyer and seller; that instead, the extra nickel simply be paid by the government for corn sold through any country elevator, even though the government didn't take possession of the corn.

Officials insisted that neither deal would disavow the reiterations of Price Administrator Chester Bowles that corn ceilings will not be raised; that anyhow, under the price control act, government agencies are already permitted to pay higher-than-ceiling prices for any commodities.

Guffey Act Revival Dims

Although the United Mine Workers and a big section of the coal industry are backing the latest proposal to revive the Guffey coal price law, which expired last summer, the chances are that Congress won't put it through this year.

Interior Secretary Harold L. Ickes is dead against the bill just introduced in the House because it would put price regulation under a five-man board rep-

resenting operators, miners, and the public. To Ickes, this is painfully reminiscent of the old coal commission, established by the Guffey act, which blew itself up with internal quarrels.

Ickes, who took over coal price regulation in 1939 after President Roosevelt disbanded the commission, wants the price features of the Guffey act restored but hopes to keep the machinery in his department. With elections coming up, Congress won't have time to iron out these kinks, and it probably will let the whole thing go over until next year.

Doctors and Dentists Stay Put

The Public Health Service is getting small results from its campaign to move doctors and dentists into communities needing their services. Last December, Congress authorized payment of \$250 a month for three months, plus moving expenses (about \$1,200 all told) to those who relocate their practices. One-fourth of the cost must be put up by the community. One doctor and two dentists have relocated under the plan to date. Nine communities have applied for doctors and put up \$300 apiece.

Liquor Holiday Gains Support

Prospect for temporary resumption of liquor production is looking up, but there's many a slip 'twixt cup and lip.

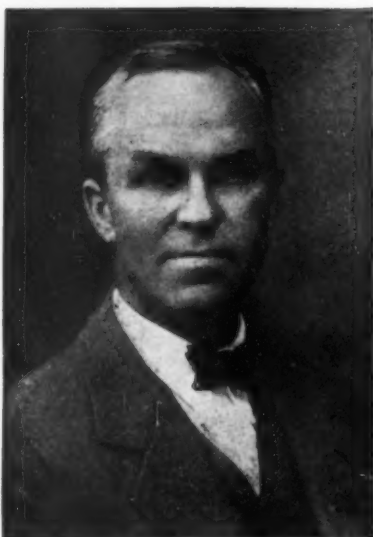
If the expected recommendation of Sen. Pat McCarran's investigating committee for a 30-day furlough gains wide popular support, the White House may nudge WPB and the War Food Administration into line.

A good case can be made for replenishing supplies, but the decision will turn on politics of the situation. A furlough would constitute a strong lure for the wet vote in this year's elections.

Ready Sale for Phonographs

Civilians probably won't get a chance at any of the 30,000 to 40,000 surplus phonographs that United States Commercial Corp., a Foreign Economic Administration subsidiary, has on its hands. Army and Navy morale officers already are eyeing the collection of hand-wound portables. What they don't take probably will be offered to schools that need phonographs for language instruction.

USCC bought the phonographs about two years ago, intending to use them



Walter J. Armstrong, M.E. Cornell University, M.E.I.C., M.A.S.H.V.E., M.P.E.Q., Lic. P.E.O., Consulting Engineer, with Offices in Montreal, Que., and Toronto, Ont.

Walter J. Armstrong writes, "Many Canadians sleep with their windows open, even when outside temperature is below 0° F. It is, therefore, important for hotels, apartment houses, and hospitals to have a heating system which, at 'getting-up time' and when desired, can immediately provide maximum heat ... which, during sleeping hours, will provide the minimum heat required for safety and, thus, use the minimum amount of steam ... and which at other times, provides only sufficient heat for comfort and to suit outside conditions of temperature and air movement. *Modern, centrally-controlled, steam heating systems with proper zoning and intelligent operation, meet these requirements.*

Walter J. Armstrong has specified the Webster Moderator System of Steam Heating for the following buildings: Royal York Hotel, Toronto; Montreal Convalescent Hospital, Montreal; C.I.L. House, Montreal; Robert Mitchell Munitions Plant, St. Laurent; Armoury for the 17th Duke of York's Royal Canadian Hussars, Montreal. He has also specified the Webster Hylo Systems for the following buildings: Men's Residence & Dining Hall of Trinity College, Toronto Univ., Toronto; Residence for St. Hilda's College of Toronto Univ., Toronto; Fulford Home for Aged Women, Brockville; Transportation Bldg., Montreal.

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America . . .**

as "incentive goods" in North Africa, where some of the natives would rather have flashy goods than money. When the Allied invasion supplanted economic warfare in North Africa, USCC was caught with most of its stock unused.

OCR Warms Up to Elliott

Dr. William Y. Elliott, chief of WPB's Stockpiling & Transportation Division, has not yet definitely accepted the job as vice-chairman for civilian requirements. But he is working informally with the staff of the Office of Civilian Requirements and is having a hand in OCR policy decisions.

This, incidentally, has gone a long way to overcome the antagonism which most of OCR's personnel originally felt for Elliott, and he is becoming persona grata. One report is that Elliott has been offered his choice of the OCR job or the program vice-chairmanship, which will be vacant when J. A. Krug joins the Navy.

Capital Gains (and Losses)

Congress has forced the Navy to take over some of the camps and other facilities being abandoned by the Army instead of building new ones for itself. Altogether, 80 separate facilities may be transferred.

The Joint Price Adjustment Board of the procurement agencies has released the first instalment of its monumental statement of policies and procedures in renegotiation. The rest will follow in three or four weeks.

S. 1122, the Ellender "rubber tire" bill, which would divorce manufacturing from retailing in the tire industry, is languishing in the Senate Banking & Currency Committee and is never likely to progress much further because of farm bloc opposition.

Odds are against the railroads in the argument before the Interstate Commerce Commission next month, over further postponement of the freight rate increases granted in March, 1942, but twice suspended upon the demand of OPA.

—Business Week's
Washington Bureau

THE COVER

A first-class economic mystery is propounded by the sharp drop in factory employment. Two suspects—a drop in the demand for labor and a drop in labor supply—are responsible, but which is the chief culprit and which is the accessory has Washington experts in manpower, procurement, and production baffled (*The Trend*, page 124).



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**WAR BONDS, ALSO, ARE AN
INVESTMENT IN MAINTENANCE**

THE OUTLOOK

BUSINESS WEEK

APRIL 22, 1944



Take a tip from the stock market. Business now is approaching the most trying period of the war.

From a long-range investment point of view, the main body of industrial stock prices has done nothing for a year. They are now at just about the same level they were last April.

The tumble they took on Tuesday tells a story. This is a period in which the in-and-out traders want to be out. When stocks are pressed for sale, buyers aren't on hand to pick them up.

Economists and production men are in extraordinary agreement that the peak of wartime output probably was witnessed late last year.

But the topping off of production isn't what has Wall Streeters by the ears. The stock market predicted the production peak when its long rise topped off last July. Nor is the year-long plateau in stock prices a simple reflection that the best in earnings and dividends has been seen.

The stock market has two paramount worries:

- (1) **For the short term, "How will the invasion go?"**
- (2) **For the long term, "What will be the impact of victory?"**

Invasion jitters are prevalent. But you'll find in any boardroom where traders meet around Broad and Wall or in any luncheon club where bankers eat in lower Manhattan that the financial community is sure of Allied arms' ultimate success.

Not necessarily quick. Realistic Wall Street knows Germany will fight for life. Knows, further, that the change in high command strategy from tanks to siege guns means a campaign of crushing might and not one of lightning drive from the coasts of western Europe to the Rhineland.

But the real business problems toward which the stock market is looking lie beyond the victory. And they are more than contract termination, duration and expense of reconversion, or even the postwar tax structure.

The big things are the postwar rate of industrial operations, and the ability to do business at today's high costs while selling either under ceilings or at prices low enough to stimulate consumers—the eternal problem of volume and margin of profit.

Forecasting the pattern of postwar business leads to as many answers as there are analysts. But the present flattening-out process is clear.

War production, in the first three months of this year, averaged about 3% less than in the final two months of 1943.

Flourishing lines, such as steel and petroleum, are anchored against maximum ability to produce.

Lumber, coal, and textiles all point down due to manpower shortages.

Conspicuous drops have come in construction and tool building.

And, in the last few weeks, electric power output's spectacular climb has been interrupted by what looks like at least a partial return to normal seasonal patterns—a jagged and moderate spring decline (chart, page 18).

The part that declining factory employment plays in leveling off of industrial production is not yet clear (page 124). Perhaps we need fewer men to maintain output; perhaps the decline will continue with a consequent drop in the over-all level of output. Washington doesn't know.

But here are some certain results of declining manpower:

THE OUTLOOK (Continued)

BUSINESS WEEK

APRIL 22, 1944

It has played at least some part in behind-schedule war production. It explains the continued demand of Army-Navy for national service.

It caused WPB to stop short on scheduled reconversion (BW—Apr. 15'44, p5).

It snagged WPB's plan for 200,000 new passenger cars in 1944 (BW—Mar. 25'44, p5).

It has brought another wave of agitation for incentive pay.

It has lent weight to renewed demands for a single manpower chief.

•
Attractive to some industries may be the plan, still little discussed, to abandon three-shift operation for two ten-hour turns daily.

Particular adaptation would be in shipbuilding which has relatively little continuity to its operations.

If it were offered to labor as two overtime hours five days a week, ten overtime on Saturday, it would have plenty of allure. This would have obvious advantages in getting around the Little Steel formula.

Two drawbacks: It would increase costs in many industries. There would be declining efficiency late in the week—also a cost factor.

•
Railroad men will eye with mixed emotions the War Manpower Commission plan to recruit 2,000 Puerto Ricans for unskilled labor on their lines.

Among imported laborers working on the railroads last year were Mexicans, a few Jamaicans, and some Puerto Ricans. The Mexicans, in particular, worked out all right. They were pretty much tied to their jobs by stringent permits governing their entering and leaving the country.

But Puerto Ricans are citizens, subject to no such entry and exit requirements. Most of them skipped in short order.

•
Tires and synthetic rubber continue to make news—of varied sorts.

Alcohol for rubber to be made from wood waste (not to be confused with the approved sulphite liquor program) and inedible sweet potatoes is out. Manpower and materials can't be found for the projects, WPB rules.

However, WPB is going to try to make available more carbon black for the rubber program. It proposes a 60-mile pipeline to take natural gas to existing channel carbon black plants, now operating below capacity, in the Panhandle region of Texas.

And new tires now may be purchased for light delivery trucks in specified essential lines heretofore restricted to used casings; other businesses, formerly limited to recaps, may now purchase used tires.

•
Accumulating stocks of petroleum and petroleum products continue of foremost interest to East Coast oil men. **Some even predict householders will be asked to fill fuel tanks now to meet next fall's needs.**

Petroleum Administration for War counters that gasoline supplies on the Eastern Seaboard are down 42% from April, 1941; that home heating oils are down 27%; industrial fuel oils down 23%; crude oil down 9%.

Suspicion in the industry is that, if military takings should fall even a little below expectations, the supply of oil would be pretty comfortable in the East this winter, thanks to Big Inch and Little Inch. The decline in stocks, which continued right through 1942 and 1943, has been reversed this year.

SPEED!

—ONE HOUR'S PRODUCTION OF ZINC ALLOY
DIE CASTINGS ON A HIGH SPEED MACHINE



The 300 "gates" shown above were produced in this die casting machine in one hour—and each "gate" contains six different castings*. Thus you are witnessing the production of zinc alloy die castings at the rate of 1800 per hour!

This is a plunger die casting machine—the fastest machine there is—in which only zinc alloys can be cast. The higher melting point alloys cannot be used because continuous contact of the molten metal would attack the iron plunger, causing it to stick in its cylinder. Zinc alloys have only a very moderate effect on the steel and iron with which they come in contact in the molten state.

The "castability" of zinc alloys in high speed machines is only one of the many reasons why zinc alloy die cast-

ings are the most widely used under normal conditions. Every die casting company is equipped to produce zinc alloy die castings, and will be glad to discuss their other economic and physical advantages with your engineers. Or write to The New Jersey Zinc Company, 160 Front Street, New York 7, New York.

*The six castings on the "gate" are a plumbing drain, 3 radio parts for Army tanks and 2 electrical connectors.



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Uniform Quality



THE BIGGEST WINDOW IN THE WORLD

There's going to be a brand-new window in your home... the most exciting window you've ever had. Your television screen!

Through that window, your vision will not be limited to the commonplace views your eyes know so well. The whole *world* will "come alive" with startling clarity right before your eyes. News, entertainment, all the things you want to *see* as well as hear...

As soon as peace permits, you'll want the best television receiver you can buy. DuMont

will build it. The time is not far away.

The device that made clear reception possible—the very heart of television—is the DuMont Cathode Ray Tube. The background in precision electronics that has produced scores of other DuMont firsts will also serve to make your DuMont Receiver a masterpiece. This means you will enjoy the truest, clearest kind of television reception through your DuMont Receiver Screen... the biggest window in the world!

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DUMONT Precision Electronics and Television

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TELEVISION STUDIOS AND STATION W2XWV, 515 MADISON AVENUE, NEW YORK 22, NEW YORK

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Business

FIGURES OF THE WEEK

	\$ Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
THE INDEX (see chart below).	*239.5	†240.1	239.8	240.7	233.2

PRODUCTION

Steel Ingot Operations (% of capacity).....	99.5	98.7	99.2	100.7	99.1
Production of Automobiles and Trucks.....	17,330	18,175	17,810	19,535	18,855
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$6,155	\$5,383	\$6,096	\$8,838	\$13,832
Electric Power Output (million kilowatt-hours).....	4,307	4,361	4,400	4,382	3,917
Crude Oil (daily average, 1,000 bbls.).....	4,432	4,416	4,385	4,412	3,912
Bituminous Coal (daily average, 1,000 tons).....	2,003	†2,086	2,035	2,008	2,028

TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	81	82	80	84	80
All Other Carloadings (daily average, 1,000 cars).....	51	50	51	67	51
Money in Circulation (Wednesday series, millions).....	\$21,295	\$21,191	\$21,006	\$18,978	\$16,424
Department Store Sales (change from same week of preceding year).....	+23%	†+32%	+11%	+9%	+28%
Business Failures (Dun & Bradstreet, number).....	33	37	29	36	89

PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931 = 100).....	249.8	250.4	251.2	248.1	247.0
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)...	163.0	163.1	163.2	160.4	160.0
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)...	222.4	222.5	223.3	217.6	208.9
†Finished Steel Composite (Steel, ton).....	\$56.73	\$56.73	\$56.73	\$56.73	\$56.73
†Scrap Steel Composite (Iron Age, ton).....	\$19.17	\$19.17	\$19.17	\$19.17	\$19.17
†Copper (electrolytic, Connecticut Valley, lb.).....	12.000¢	12.000¢	12.000¢	12.000¢	12.000¢
†Wheat (No. 2, hard winter, Kansas City, bu.).....	\$1.64	\$1.64	\$1.66	\$1.53	\$1.37
†Sugar (raw, delivered New York, lb.).....	3.74¢	3.74¢	3.74¢	3.74¢	3.74¢
†Cotton (middling, ten designated markets, lb.).....	21.01¢	21.16¢	21.15¢	20.31¢	21.13¢
†Wool Tops (New York, lb.).....	\$1.315	\$1.315	\$1.319	\$1.353	\$1.332
†Rubber (ribbed smoked sheets, New York, lb.).....	22.50¢	22.50¢	22.50¢	22.50¢	22.50¢

FINANCE

90 Stocks, Price Index (Standard & Poor's Corp.).....	94.3	95.6	97.3	94.2	90.3
Medium Grade Corporate Bond Yield (30 Baa issues, Moody's).....	3.68%	3.68%	3.70%	3.81%	3.97%
High Grade Corporate Bond Yield (30 Aaa issues, Moody's).....	2.74%	2.74%	2.74%	2.69%	2.76%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	‡-‡%	‡-‡%	‡-‡%	‡-‡%	‡-‡%

BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	33,766	32,872	33,441	30,742	33,004
Total Loans and Investments, reporting member banks.....	51,596	51,633	52,885	51,648	42,250
Commercial and Agricultural Loans, reporting member banks.....	6,188	6,215	6,396	6,307	5,806
Securities Loans, reporting member banks.....	2,089	2,193	2,637	3,066	1,168
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks..	38,089	37,961	38,601	36,698	29,475
Other Securities Held, reporting member banks.....	2,887	2,902	2,852	2,941	3,211
Excess Reserves, all member banks (Wednesday series).....	1,000	900	1,300	1,608	2,147
Total Federal Reserve Credit Outstanding (Wednesday series).....	13,106	12,766	12,643	9,362	7,104

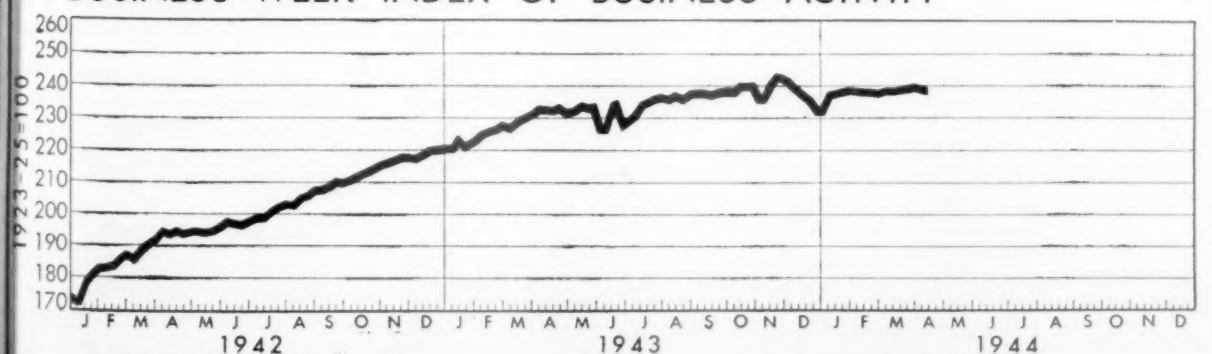
* Preliminary, week ended April 15th.

† Revised.

‡ Ceiling fixed by government.

§ Date for "Latest Week" on each series on request.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY





IT HELPED WIN A GREAT BATTLE

Sealed in this box and deposited in the vaults of the Bell Telephone Laboratories is a special device that helped win a great battle. It is being preserved for its historical significance.

SUCH things do not just happen. New instruments of war may appear suddenly on the battle-fronts. But behind them are long years of patient preparation.

Our scientists were organized to have this device ready for battle—just as our fighting forces were organized to be ready for that battle.

Developing secret military devices is a big job but big forces are busy on it, day and night.

Concentrating on this job are more than 7000 people in the Bell Telephone Laboratories. Its scientists and engineers and their skilled associates form a highly organized team, experienced in working things out.

Today's work for war had its beginning many years ago when these laboratories were founded as part of the Bell System's service to the public.

BELL TELEPHONE SYSTEM



ABC's of Auto Reconversion

Pattern for resumption of civilian goods production is roughed out in meeting of automotive and WPB officials. It's only an outline, but it may afford direction for other industries.

A step-by-step reconversion pattern for the automobile industry was drawn in rough outline this week at a meeting of WPB officials and presidents of the motor companies.

The auto people went to Washington with a vague—perhaps not unanimous—feeling that output should not resume until all companies can start up on an unlimited basis. But this feeling quickly broke down.

Nelson's Views Gain—One factor in this change of front was Washington's idea of using reconversion to counteract expected unemployment in auto centers. Another was WPB's evident attitude that reconversion should begin, piecemeal if necessary, as soon as manpower, materials, and facilities are available. This attitude in WPB was construed as indicating that Donald M. Nelson's viewpoints are gaining strength over divergent thinking within his board.

The automotive meeting was important because its conclusions may well provide a prototype for reconversion by other industries. Although it was exploratory rather than definitive, it developed fairly clear signposts along the road leading toward civilian goods output. These directions were evident:

(1) **Manpower availability** undoubtedly will be a prime consideration in reconversion. As fast as unemployment develops (page 124)—and the auto people feel there will be sizable layoffs later this year—reconversion will become a concrete fact. Once victory is apparent, either in Europe or in the Pacific, the auto industry and others can expect immediate authorizations to produce civilian goods.

(2) **Because of unemployment** considerations, preparations for resumption should start soon. With layoffs at hand in machine tool plants now, WPB permission to place machine tool orders in a few months would not be surprising.

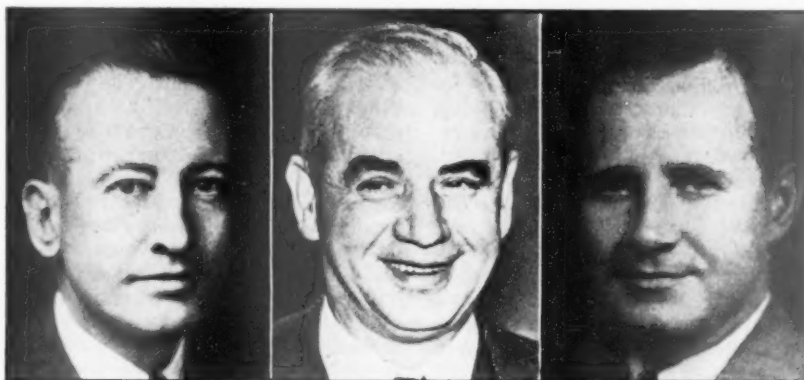
(3) **Prewar competitive patterns** will not be exactly followed. The status quo ante will be modified to meet the exigencies of the times. But WPB does not intend to "allocate" any company into unprecedented position, and it will try to safeguard at least a minimum

place for an industry member tied down by war commitments during a partial reconversion. Modification of competitive positions rather than complete change will be the rule.

On this score, one point remained

undeveloped and problematical. That revolves around what WPB's attitude would be if an outsider with manpower and facilities at hand—such as Henry Kaiser—wanted to enter a business—such as the automobile industry—while its regular participants are in limited production stages.

Industry has a clue in Nelson's remarks before the Atlanta Chamber of Commerce a fortnight ago. He said then that if a civilian item was scarce and if a new concern was in position to make it without interference with war output while established producers were



Donald Nelson intends that policies adopted by the War Production Board governing readjustment of industry after Germany's collapse shall be dictated by the public interest. And to that end he has set up a new WPB Advisory Committee for Civilian Policy. Appointed to date are (clockwise): Eric Johnston, U.S. Chamber of Commerce; Philip Murray, C.I.O.; William Kelly, Machinery & Allied Products Institute; Eugene Meyer, Washington Post Publisher; William Green, A.F.L.; Ruth O'Brien, Bureau of Home Economics; and Gordon Rentschler, board chairman of New York's National City Bank.



G. M. IS POISED

To the Colmer postwar committee of the House this week, C. E. Wilson, president of General Motors, sent a six-point program for reconversion which he said would keynote his company's policy.

G. M. will order materials for 1,000,000 cars and trucks (half of a prewar peak year's output) "at the earliest possible date." All such materials will be accepted, even though not needed at once, in the interests of employment in both company and supplier plants.

not, then the newcomer, in the public interest, would get allocations.

Any such determination would be fought to the last ditch by the auto people.

(4) A formula may be worked out for putting men transferred to civilian goods activity in some special draft category, to stave off their induction into service as nonessential workers. Of course, if automotive resumption await the end of one of the two wars, this may become unnecessary.

(5) Even if unrestricted production is permitted, some regulation will continue until war work is cleaned up. This will involve principally the clearing of factory space and disposal of government-owned plant, machines, and materials.

(6) Industry will have a chance to solve its own problems. In the automotive instance, a "task force" of auto men will be named by the auto presidents themselves to clear up any hard-ship cases within their ranks.

For what it's worth as a reagent on WPB policy determinations and the conversion plans of the auto and other industries, an Advisory Committee for Civilian Policy (page 15) was set up last week by Nelson.

• **They're Going Back**—The auto people will return to Washington, probably in June, armed with figures on the practical production minimums they can undertake, as well as the maximums.

Under these two headings, they will outline specific requirements for machines, tools, dies, fixtures, and jigs. The amount of space needed will be summarized. So will the requirements for warehouse space to care for storage of government-owned equipment now in privately owned plants.

• **Divided on Minimums**—The basis of the volume planning will be a normal profit markup and the expectation of a normal formula for instalment purchasing, roughly equivalent to prewar conditions. These policies necessarily will be drawn up by OPA and the Federal Reserve Bank respectively, and likely may be clarified at the next meeting.

On the question of practical minimums, the auto industry's front was divided, as expected. Big producers favored an historical basis of apportionment. Small firms spoke for a sliding scale as prevailed in the last stages

of prewar cutbacks. The small companies probably will win, but it is regarded as a minor skirmish.

• **Position Is Secondary**—If the small companies win that decision, it will demonstrate again that WPB regards production of goods as more important than maintenance of prewar positions. The problems of the consumer and of labor, rather than of the producer, will be proved basic in current WPB philosophy.

Establishment of practical minimums for each producer, coupled with the concept of authorizing civilian production to prevent unemployment, renews the possibility of WPB's freeing one or more companies for automobile output before all firms are disentangled from their war commitments. But a proposal of this sort, originally intended for this meeting (BW-Mar. 15 '44 p. 5), did not reach the conference room.

• **The Equipment Enigma**—Little was said regarding purchase of government-owned equipment and plants by automotive companies. That matter was on the government's agenda, but the auto presidents were more disposed to ask questions than to answer them.

An industry attitude appears crystallized in favor of hanging back until Washington sets up a firm policy on the matter. Then, as one executive put it, "We can give them two lists—one a purchase order, the other the inventory of leftovers."

By that technique, the industry hopes to relieve itself of any possible onus as bargainers for war goods.



FOR TOMORROW

Lockheed's new Constellation (above) lifted the postwar travel curtain this week by averaging 355 m.p.h. across the continent for a new record of 6

hours and 58 minutes. Designed as a liner only to be drafted as a military transport, the 40-ton ship carried 17 persons—40 less than it will as a T.W.A. liner. And as a cargo carrier it has a capacity of 14 tons. Powered by

four 2,200-hp. Wright Whirlwinds, and with a wingspread (123 ft.) longer than Wright's Kittyhawk flight, the sky giant was copiled by Howard Hughes, who helped break his own record—7 hours, 28 minutes.

OPA Fight Lags

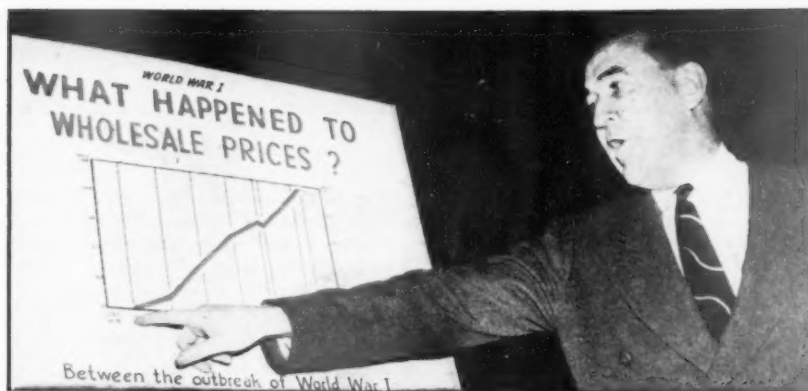
Opponents find it's hard to deliver telling blow against price act. Hearings lose punch, and drastic change is unlikely.

In and out of Congress, there's a lot of shadowboxing in the current fight over continuance of the Emergency Price Control Act (and with it, the OPA). The truth is that the battle now going on before Senate and House committees has lost much of its punch.

Hard Point to Prove—The reason is that the interests seeking to amend the act are having trouble in showing just where their cause for complaint lies—and how corrections can be made without wrecking the whole stabilization program. A year ago, abandonment—or virtual abandonment—of price control had its frank advocates.

Atmosphere Changes—The price act was not up for renewal then. But OPA's appropriations bill was. So was the Commodity Credit Corp. bill. (CCC administers the consumer food subsidies which are dear to OPA's heart.) Congress used both bills to clip OPA's wings. And because the agency had stepped on many toes, Congress' action received much popular support.

This time, the atmosphere is different. With elections only six months away, congressmen are wary of alienating the labor and white-collar votes which appear to be lined solidly behind OPA. The congressmen figure they can take



Administrator Chester Bowles is his own best argument in defense of OPA.

care of special interest groups by raising just enough ruckus to show their hearts are in the right place.

Losing Enthusiasm—Subsidies are a good example. Farm bloc congressmen of both parties are still bitterly anti-subsidy, but particularly among the Republicans who went along with them before, there's a growing consciousness of the labor vote. And even the strongest opponents of subsidies are beginning to lose their enthusiasm.

Business groups almost invariably begin their testimony before the Senate and House committees in somewhat this fashion: "We are in favor of price control and we think Chester Bowles is a fine OPA administrator, but. . ."

Of Their Own Choosing—Having already got much of what they wanted in the way of modification of OPA, business interests are finding it hard to prove

why they should have still more. Thus, in Chester Bowles, business and Congress have an administrator pretty much of their own choosing. They find it difficult to indorse Bowles and simultaneously attack policies which Bowles and his staff defend.

OPA's slate isn't so clean that businessmen can't present well-documented instances of injustice, and make a telling case for certain changes.

What They Want—Requests for changes fall into two categories:

(1) Measures meting out special treatment to individual groups. Congressmen are sympathetic to the problems of such particular interests as wool growers, apple growers, independent petroleum operators, and fresh fruit and vegetable growers who want the price act revised so that OPA will have to do something about their ceilings. But experienced legislators are wary of overloading the price act with proposals of this type.

(2) Measures designed to correct hardships suffered by the whole business community or large segments of it. Congress' present intention is to write at least a few of the most widely supported of these measures into the new law. But OPA maintains that most such proposals would become loopholes through which stabilization would be seriously weakened—if not killed. Congress is acutely aware that too drastic revision will invite a presidential veto which probably could not be overridden.

Elaborate Plans—Most of the measures in this second category have the support of large organizations, representing broad interests. Some groups have drawn up elaborate and concrete programs for amending the act. By far the most detailed program is that of the Central Council of National Retail Associations with a membership of 19 powerful individual organizations.

Wants 19 Amendments—The council is advocating 19 amendments to the price act—all of them broad in scope. With a few reservations, its program is indorsed by the American Retail Federation.

Other groups with elaborate pro-

"Every Amendment Would Raise Prices"

Many suggestions for amending the price control act are advanced on the ground that they will help to "clarify" the act, that they will make it more workable, that they will eliminate minor "hardships," etc. To all of these, OPA has one stock answer—that no matter how you dress it up, virtually every proposed amendment would have the ultimate effect of raising prices.

OPA finds strong support for its viewpoint in the recent cross-examination of Eric Johnston, president of the U. S. Chamber of Commerce, by Sen. Robert A. Taft of Ohio, during hearings before the Senate Banking & Currency Committee. OPA considers Taft's stand irrefutable confirmation of its argument because he is the chief congressional advocate of "controlled inflation" and has frequently championed in-

terests which seek price increases. Their exchange:

Johnston—I think we must be very careful in anything we do to try to hold the line during this war and for a long period after this war.

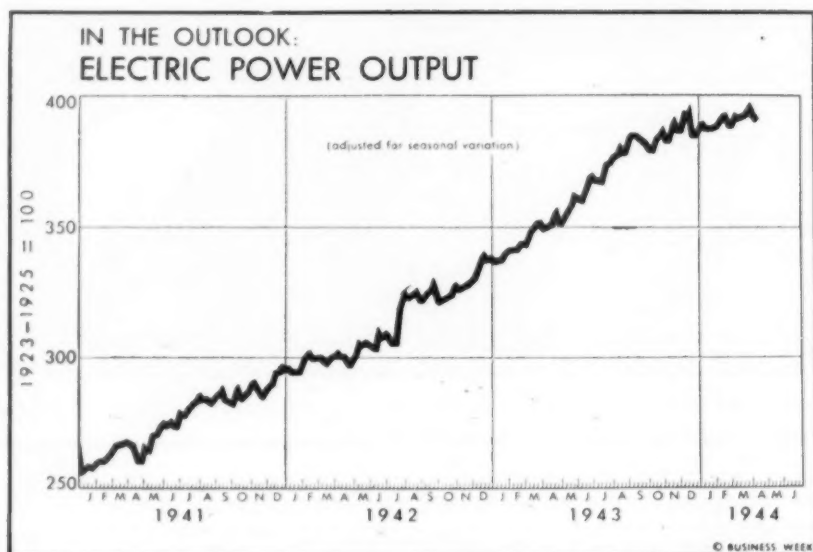
Taft—The logic of that is that you do not want any amendments to it (the price control act).

Johnston—I didn't say that.

Taft—Every amendment presented means an increase, a break in the line. . . .

Johnston—I think there are some things that can be done; for instance, the question of greater consideration of industry committees. . . .

Taft—What is the purpose of that? Every committee wants an increase in the price of his commodity, and the only purpose of consulting him is increase the price, that is the only purpose.



Even after adjustment for the usual seasonal decline from the winter peak, electric power production over the past few months has failed to continue the strong upward trend of earlier years. This is one more sign of the flattening—indeed, easing—in war and industrial output. The power curve may climb a little further, since

the strong long-term tendency towards increased power use in homes, stores, offices, and factories still is operating. However, power requirements are stabilizing, and there's no longer any question about adequate capacity to meet needs; difficulties could arise only as the result of a serious coal shortage.

grams are the U. S. Chamber of Commerce, the Food Industry War Committee (BW-Apr. 15 '44, p. 96), and the real estate interests. The major farm organizations have consistently presented a united front against OPA.

• **Shakeup Asked**—Here are the more important changes, proposed by these groups and others:

(1) A complete shakeup in the present system of judicial and administrative review of OPA orders. This is advocated in some degree by virtually all business interests, and has strong congressional support.

Charging that the Emergency Court of Appeals, set up to hear complaints brought against OPA price orders, is merely an arm of OPA, many groups would like to make appeal available in the federal courts. OPA contends that this would result in a flood of conflicting decisions which could wreck price control before the Supreme Court got around to unscrambling them.

On the administrative review side, proposals range from demands for a general speeding up (which OPA regards as hampering but not fatal) to a measure which would set an independent board of review over OPA.

(2) Special provision for hardship cases. This measure is variously stated, but most groups advocate dropping the word "generally" from the present wording of the act which requires that price ceilings be "generally fair and equitable." Elimination of

"generally" would force OPA to insure a fair return to each individual business organization. OPA, strongly supported by consumer and labor groups, is up in arms against this proposal. The agency declares that under the appealing guise of "fairness" it would junk price control by forcing OPA to guarantee every businessman a profit—a guarantee that he never received in peacetime. Real estate interests go so far in advocating elimination of hardship as to demand that OPA be required to allow higher rent ceilings whenever an owner's income has decreased—for any reason. All these hardship measures may receive considerable support in the House, but they are likely to be tumbled by the Senate.

(3) Limitation of OPA's power to control profits. Business suspects OPA of having an unseemly interest in profits and intends to curb its activities along this line.

(4) Measures requiring OPA to adhere to "traditional business practices." This is a broad tent covering many specific regulations which irk business groups. Retailers would use it, along with specific prohibitions, to eliminate OPA's controversial highest-price-line limitation classification of store regulation (BW-Sep. 25 '43, p. 92). The U. S. Chamber of Commerce supports retailers on both measures. Elimination of the highest-price-line (which, OPA contends, is the only remaining bulwark against complete disappearance of low-priced merchandise) has considerable congressional support, but congressmen hope to work out a compromise with Bowles in lieu of writing a flat ban into the act.

Into any amendment designed to preserve traditional business practices, retailers would like to get some wordage which would force OPA to leave room for historical markups. Wholesale grocers would eliminate squeezes by forcing OPA to grant a price increase at all levels if it authorized one at all. All these measures would seriously interfere with OPA's favorite technique of keeping the cost of living down without discouraging production.

(5) More authority for industry advisory committees. Virtually all groups want this. The U. S. Chamber of Commerce and the Retail Council want more representation for trade associations, and the council supports a proposal to allow trade associations to appeal OPA orders.

(6) A ban on consumer food subsidies. This still has the wholehearted support of the big four farm organizations and of most agricultural groups. But it has lost the active support of some processing groups. Congressmen are now quietly talking compromise (halting subsidies, including the meat and butter rollbacks, at the present level), and much fire has gone out of the fight.

• **Other Amendments**—There are many other proposed amendments. Real estate groups (which have considerable congressional backing) have a block of their own—equalization of rents, restoration of the owner's right of possession. There's a general move to tone down OPA's enforcement authority so that it will fall more lightly on unwitting violators.

The farm bloc has much congressional support for its demand that food pricing powers be transferred from OPA to War Food Administration. This measure might pass the House, but probably not the Senate.

• **The Upper Hand**—There are two things to keep in mind:

The House will be ready to go further than the Senate in restricting OPA's powers. This means that the bill will go into a conference committee, and the Administration is likely to control the vote on that committee. Coupled with the fact that congressmen want to write a bill which will not be vetoed (and the President is not expected to hesitate in vetoing a bill really unsatisfactory to the Administration), this means that the final changes in the law are likely to be moderate.

The House committee, which has just begun hearings, is not expected to finish until the middle of May. This leaves little more than a month before the Republican convention in Chicago for the bill to be debated on the floors of both houses, compromised, and passed. Thus, even without a presidential veto, Congress finally may be forced by lack of time to continue the present act through a simple extension. With the summer recess and elections coming up, this extension may become indefinite.

Stall Alky Plant

WPB committee spikes project for industrial alcohol from wood waste. Backers seek probe of reasons.

On Apr. 12, while Donald Nelson was on a short vacation, WPB's Requirements Committee (which had received the project from WPB's Facilities Committee via the pass-the-buck route) turned down a proposal to build an Oregon plant to make industrial alcohol from wood waste. Returning to Washington, Nelson told a press conference that consideration of the plant might be reopened.

Blow to Northwest—Some insiders at the military's two members of the Requirements Committee may have called the project, but informed opinion saw in the move the powerful influ-

ence of the established alcohol interests (BW—Apr. 15 '44, p. 19).

The Pacific Northwest was reported hopping mad. Gov. Earl Snell of Oregon sent Nelson a telegram saying "Surely War Requirements Committee misunderstood proposal or were not in possession of all pertinent facts." Rep. Harris Ellsworth started rounding up men in Washington who would back up the proposal he has sponsored heartily for more than a year. The Truman committee said it would pointedly ask WPB on what arguments the action had been taken. The Antitrust Division of the Dept. of Justice was "watching."

● **Economies Claimed**—The proposed Springfield (Ore.) plant was to have made alcohol from sawdust for 20¢ a gal. using a German patent seized by the Alien Property Custodian. This is less than half what the government now pays for its cheapest (molasses) alcohol.

Furthermore, says the Willamette Valley Wood Chemical Co., which would run the plant, the use of wood waste would free vitally needed grains for feed.

● **The Opposition**—"Invasion jitters" (called by some "Pentagon jitters") could have caused Army and Navy members of the Requirements Committee to urge postponement of building the plant.

Opponents of the project had predicted that the plant couldn't be completed before the end of 1945, although its backers talked of seven months.

Steel and manpower requirements were not an issue. Rep. Ellsworth offered figures to show that it would actually save 81,300 man-days to build and operate the Springfield plant one year compared with raising and distilling wheat for the same amount of alcohol.

● **Industry Consulted**—What the industrial alcohol producers' industry advisory committee told WPB's Facilities Committee, before it passed the buck to the Requirements Committee, is unknown.

Its members and the companies they represent might, however, give a fair hint (BW—Feb. 5 '44, p. 17). Under the chairmanship of Dr. Walter J. Whitman, assistant director of the Chemicals Bureau, they are Owsley Brown, Brown-Forman Distilling Co., Louisville; Glenn Haskell, U. S. Industrial Chemicals, Inc., New York; William F. Krug, Jr., E. I. du Pont de Nemours & Co., Wilmington; James W. McLaughlin, Carbide & Carbon Chemicals Corp., New York; Victor O'Shaughnessy, James Walsh & Co., Lawrenceburg, Ind.; Louis Petri, Petri Wine Co., San Francisco; I. J. Seskis, Schenley Distillers Corp., New York; Julian P. Van Winkle, Stitzel-Weller Distillery, Louisville; H. P. Willkie (Wendell's brother), Joseph E. Seagram, Inc., Louisville.



SPEEDUP AND SLOWDOWN

War's pressure to save time is producing a speedup even in the simple task of pouring coffee. At Bethlehem's San Francisco shipyard, spouts on an elevated tank make it possible to fill 24 cups with one twist of a valve. The brew—no matter how poured—was at issue last week in the firm's Brooklyn (N. Y.) and Hoboken (N. J.) yards when some 4,000 C.I.O. workers refused to stay overtime because their 15-minute "coffee rest" between shifts was rescinded. After five days, both sides agreed to arbitrate.

Termination Study

International Harvester's experience stresses speed in claims as prime essential to quick closing when contract is ended.

The first major U. S. war contract termination—International Harvester Co.'s \$217,000,000 tank schedule at Bettendorf, Iowa—is now a year old, but still some distance from closed. Harvester officials hold no impression that the government is to blame. They recognize that until they complete their claim, the Treasury cannot settle.

● **Subs Are Slow**—Last week they were planning to dispatch expeditors from the company's termination department to needle a few slow-poke subcontractors into sending along their final statements and substantiations. Until all of these are in Harvester's hands, the prime contractor cannot complete its plans.

Standard Harvester answer to pleas

A GERMAN PROCESS

The process that would be used by the Willamette Valley Wood Chemical Co. in the proposed Springfield (Ore.) plant for extracting Ethyl alcohol from wood waste is a modification of the Scholler method used successfully in Germany.

Coniferous wood waste (hogged chips) is charged into five cylindrical percolators and put under steam pressure. Eight to 15 batches of dilute sulphuric acid are allowed to percolate through the chips, and wood sugar is drawn off in solution. Each ton of wood waste, it is claimed, yields about 1,100 lb. of wood sugar and 600 lb. of lignin.

A time cycle of six hours is contemplated. The lignin is blown into a cyclone, pressed to extract moisture, and used as fuel. If, however, lignin can be sold for plastics, cosmetics, tanning fluids, dyes, phenol, vanilla, fertilizers, or insulating materials, the alcohol may become a byproduct (BW—Dec. 4 '43, p. 60).

The U. S. adaptation of the Scholler patents shortens the operating cycle by cutting the pre-heating time, by omitting rest periods, by stepping up steam pressure, by stopping treatment when sugar solution drops to 4 degrees brix, by neutralizing acidic sugar solutions hot, and by flash evaporation.

Ordnance System Expedites Termination

Prodded by their experience in recent war contract cancellations, like the International Harvester case (page 19), government procurement agencies are pressing war contractors to get their record systems in shape well ahead of time.

• **Data Not Kept**—Although almost all big manufacturers already have elaborate control systems, failure to get the claims filed has been the greatest single cause of delay in termination settlements so far. Procurement men think much of the trouble starts because contractors and subcontractors have not been keeping records that will provide a quick and accurate source of the data they need to make out a claim.

Even when a prime contractor has a streamlined record system, the whole settlement procedure may bog down because subs are slow about passing their claims up to him.

• **Control Records Set**—Leading the field in working out systems for expediting termination procedure is the Ordnance Dept., Army Service Forces, which has handled some of the biggest and toughest cancellations that have come up so far.

Shortly after the International Harvester cancellation in April, 1943, Ordnance tackled the problem of setting up records that would provide for closer control of production and at the same time keep a running summary of the facts a contractor must have before he can put in a claim for settlement on a canceled order.

• **Booklet Published**—In collaboration with contractors, Ordnance worked out a production control plan which it has published in a booklet, "Control System for Regulating Commitments, Work in Progress, and Inventories." Since June, 1943, it has been urging contractors to adopt this procedure, or something that accomplishes the same result, and to make their subs follow suit.

Although Ordnance thinks its plan does the job about as simply and effectively as any, it doesn't care what procedure a manufacturer adopts as long as it gives results.

• **Day-to-Day Account**—The ideal central control system must give day-to-day information on materials, components, and subassemblies, broken down into orders, stocks, and work in progress at each level. If it covers any less ground than

that, it will be inadequate; if it covers any more, it is likely to be cluttered up with detailed information that should be interred in the files. Primary object of the plan is to help the manufacturer make his schedules, but the information he will need for this is the same that he will want at hand when termination comes.

The advocated system uses cards, one for each material, part, component, and the like. On each card, the key figure—whether it is work in progress, inventory, or supply ahead of orders—is converted into number of days' supply. By deciding in advance on the maximum and minimum days' supply that should be permitted, managers can get a picture of where they stand by taking one quick look at the key figure for each item.

• **Adaptable System**—Although this system is designed primarily for straight-line production, it can be adapted to job shop procedure with only a few modifications. In many plants, special problems will force the contractor to vary the system or to work out a different one.

Procurement officers recognize this, but they think alternative systems at least should measure up to the standard of the Ordnance plan. One big advantage of the standard plan is that manufacturers and marketers of control equipment have added the record forms to their regular stocks and are ready to install the plan for any manufacturer who wants it.

• **Not Painless**—Neither Ordnance nor any other agency promises that production control will make termination a painless process. But procurement men cite three main ways in which the control system can pay off when cancellation comes:

(1) It will give the contractor a ready source of the information he needs to prepare his obsolescence claims.

(2) By helping contractors to keep inventories, orders, and work in process in balance, it will hold termination losses to a minimum, keep contractors from being stuck with useless supplies they never should have accumulated.

(3) By consolidating information on inventories, it will help the contractor who wants to arrange interim financing either with banks or with the government.

of "too busy" is: You can certainly assign one man to the job, no matter how short you are of manpower pressed for war production.

• **Company's Experience**—To date about 70 prime contracts and subcontracts held by Harvester have been affected by terminations or cutbacks. The company's experience leads to the conclusion that getting favorable legislation and regulation in this field is as important to prompt settlements as getting every individual supplier to his part by promptly filing his inventories and claims for cancellations charges when a contract is canceled out back.

Examples: (1) A Harvester prime contract terminated last January involved 281 suppliers. Up to this week 46 of these had not yet been heard from, despite numerous attempts to jolt each delinquent into action. A subcontractor whose claim, due to months ago, includes several thousand dollars' travel expense as part of costs did not file with his bookkeeper any expense accounts of the money he drew for these trips. Hence he lacks evidence to support these travel expenses, and is frantically trying to develop the requisite evidence by correspondence with his customers and staying during these business travels with hotels in cities where he really is staying during these business travels.

• **Instructions Compiled**—The Betterdorf tank termination came so early that neither the Army nor the company had a standardized procedure. Working together, Army Ordnance and company representatives drew up letters of instruction, inventory schedules and forms for the preparation of costs resulting from the cancellation.

The instructions covered two main subjects: (1) taking inventories and obtaining offers or recommendations for disposal of the inventories; (2) preparing cancellation costs. These instructions went to all Harvester plants affected by the cancellation and to subcontractors.

• **Organization Setup**—When other contract terminations and cutbacks began reaching the company, the management set up an organization to handle termination work. This consists of three principal sections:

(1) The advisory and coordinating committee is headed by a vice-president and includes men from the accounting and manufacturing departments. Its function is to coordinate termination work, define general policies, decide special problems, and review progress of terminations.

(2) The war contract termination department is made up of men from the accounting, manufacturing, storekeeping, and legal departments. It issues

structions and follows the termination progress of each company plant and subcontractor. It follows inventory schedules to make sure that all materials are disposed of promptly. It sends expeditors, as needed, to urge suppliers to take inventories and prepare statements of cost. Cancellation charges accumulated at company plants come to the central termination department for preparation of the company's over-all claim. Subcontractors' claims are reviewed for approval and, after approval by Army Ordnance, are promptly paid.

(3) Each Harvester plant has its own contract termination organization, made up of men from the accounting, production, storekeeping, and mechanical engineering departments.


Production Stops—As soon as notice of partial or complete termination reaches the company, production is reduced or halted at the plant and all suppliers are notified by wire to do likewise. Next a formal notification goes out to each supplier. With it go two forms: (1) a release of liability for the money to return if the termination will not result in cancellation charges against International Harvester Co.; (2) a request to Harvester to send instructions and schedules that have been prepared to assist the supplier in completing all work incidental to the termination.

The supplier's request brings Ordnance's standard step-by-step instructions and schedules for reporting inventories and cancellation costs. In general, eight separate inventory schedules are required: raw materials; standard parts; unfinished parts or subassemblies; work in process; small tools, dies, jigs, etc.; completed items; gages; and perishable tools.

At the appropriate stage, inventory schedules are submitted to the Ordnance Dept. for distribution to the various Ordnance outlets to speed up disposition of materials.

Four Essentials—The Harvester company's experience in its own plants points to four essentials in disposition inventories: (1) The plant termination organization must be made up of competent people; (2) materials involved in a termination must be segregated and carefully inventoried; (3) inventory schedules must be accurately prepared in detail so that each item is identifiable; (4) offers must be obtained for disposal of all materials.

The company first canvasses its own plants for offers, then suppliers from whom the materials were purchased, and finally other possible buyers. Materials that can be disposed of without loss to the government are promptly sold or sold. A reasonable offer involv-



**SO YOU WANT
TO BE DEFERRED**

I am reminded of the Abyssinians
Mobilization order that should have quickly
and effectively mobilized their man power
with the crude weapons available. This
streamlined mobilization order reads:

"When this order is received, all
men and boys able to carry a
spear will go to Addis Ababa. Every
married man will bring his wife to
cook and wash for him. Every un-
married man will bring any unmarried
woman he can find to cook and wash
for him. Women with babies, the
blind and those too aged or infirm
to carry a spear are excused. Any-
one found at home after receiving
this order will be hanged."

CONTRAST IN DRAFTS

At New York City's Selective Service headquarters, prospective draftees always appear more philosophical after reading draft orders prevailing in

Ethiopia to meet Mussolini's 1935 invasion. All agree that the American system is vastly easier—despite growing complications—that neither Washington nor the United States could stand a similar proclamation.

ing any loss is immediately referred to Ordnance for approval.

• **Their Only Hope**—Suppliers are asked to follow the same general procedure. Incentive held before them is that their only hope for a reasonably speedy settlement of their claims is by proceeding promptly and properly along approved lines.

Harvester policy is to make advances to a supplier whenever requested, once his approximate cancellation claim is established to the satisfaction of the Ordnance Dept. Company files on each termination contain all correspondence and memoranda concerning each claim, copies of inventory and other supporting schedules, and copy of the statement of costs with exhibits attached.

• **Experience Speeds It Up**—Company officials consider progress on termination slow so far but reasonably satisfactory. Some of the delay arises from the company's inexperience in this field, some of it from difficulty in getting Ordnance to decide on disposal of materials, and some from suppliers' slowness in presenting claims.

But experience is a polishing agent, and the procedure is gaining speed steadily. Chicago Ordnance is doing an increasingly efficient job as times goes on.

Harvester's judgment is that, at best, termination will remain a relatively slow process because so much careful and meticulous work must be done before settlement can be completed.

SURPLUS DISPOSAL IN L. A.

One aspect of the surplus disposal problem is giving the Los Angeles police bad dreams.

In the flow of such innocuous impedimenta as tent pegs, mosquito bars, canteen cups, and chin straps now cascading over retail counters, the chief of police discovered a consignment of 80 or 100 Reising machine guns, each waiting for somebody with \$87 to take it home and amuse his friends.

Worse, the chief found that 50 of the handy weapons already had been sold. Dealers got around the law against selling machine guns, he said, by removing the automatic lever, substituting a 5- or 10-cartridge clip for the regulation 20, and selling the gun as a sporting rifle. Replacing this equipment would be no trouble at all to an earnest mobster.

The chief's problem now is to trace the weapons that have been sold and to block any further sales. The guns are government rejects.

More for Eggs

Drying plants running at full speed as WFA boosts buying to support raw egg prices, but labor shortage cuts output.

Whatever the consequences of the country's present egg surplus (BW—Apr. 15'44,p49), it's distinctly a change for the better for egg drying plants. Their operators still remember last summer's predicament, when their profit was squeezed between the ceiling price of dried eggs and the going price of raw eggs (BW—Sep.11'43,p34).

• **Weekly Contracts**—Right now, in the height of the flush season for eggs, drying plants are spray-drying eggs as fast as their limited labor supply permits. The War Food Administration is buying practically everything offered, in an effort to support egg prices. Contracts are let every Wednesday, and the bidder must agree to pay not less than 30¢ a doz. for raw eggs, although prices have dropped substantially lower than that in some parts of the country.

Even with this raw material cost, the current WFA price of \$1.15 a lb., delivered at New York or Seattle, allows dryers a profit of 10¢ to 12¢.

• **Labor Difficulties**—But the labor shortage seriously affects the amount of eggs that can be taken off the market by dryers and breakers (firms which break and freeze eggs, either for commercial use or for subsequent drying). In Chicago, for example, owners of egg-breaking plants tried unsuccessfully to get the regional war labor board panel to increase the maximum wage for women egg-breakers. Result is that, with local radar-radio plants paying starting wages of 64¢ an hour for inexperienced help, with automatic raises, women workers bypass the less comfortable surroundings of egg-breaking plants which pay 55¢ an hour.

A second serious difficulty is the lack of warehouse space, which may become more acute unless WFA starts moving stocks of beef, butter, and last year's frozen and dried eggs out of cold storage plants.

• **Specials for Army**—Eggs dried for the armed forces are in a class by themselves. Quartermaster Corps requirements for initial palatability and shelf life (trade jargon for keeping qualities) are necessarily more strict than WFA specifications, since a global war presupposes a nine-month interval between processing and consumption. Army contractors are exempt from ceiling prices because the exact cost of special processing and special packing can not be de-

termined in advance. They buy eggs only when quality is highest.

Some eggs are dried immediately, some stored for drying during the summer months, some frozen for drying in the last four months of the year.

By cutting the moisture content of dried whole eggs to 2% (compared with 5% last year), Army officials expect to minimize the burnt flavor of scrambled dried eggs, and improve their color and texture. Low moisture content, plus packing in inert gas in metal boxes, also prolong the shelf life of Army dried-egg powder. This year's specifications, resulting from research sponsored by the Quartermaster Corps' Subsistence Research Laboratory, should assure that dried eggs retain table quality five times longer than the 1943 Army version.

• **Higher Standards**—WFA specifications this year also are more exacting than last year's. For one thing, the taste score is higher, and dried eggs which don't measure up are classified as Grade B, worth 6¢ less a lb. And there's a premium price on products with less than the minimum 6% moisture content.

The dried egg industry has long been aware that its product while satisfactory for cooking frequently has been less satisfactory for table use. Last fall

the technical committee of the National Egg Products Assn. attacked this problem by raising about \$28,000 to fund research on methods of stretching shelf life of whole dried eggs.

Egg yolks and whites have been dried separately for years, but drying whole eggs that will keep for reasonable periods at room temperature is more difficult. Present shelf life of U. S. spray-dried whole eggs is one to two months at 100°F, six months at 70°F, one year at 50°F.

• **Research Projects**—So far, a total \$20,000 has been granted to fund research at four universities. Director of the association's program is George Stewart, Iowa State College professor who had been working for some time on dried egg problems for the Research & Development Branch of the Quartermaster Corps. Emphasis is directed to coordination of the findings of research sponsored by U. S. government agencies, U. S. armed forces, England's Ministry of Food, and Canada's National Research Council.

In financing this research, the industry is obviously interested in its postwar future, as well as in improving its present product. Prewar production of dried whole eggs was about 5,000,000 lb. annually; now about 60% of the indus-



LABOR PLANS

After a year of study and discussion, the American Federation of Labor's Postwar Planning Committee has announced its program. At the A.F.L. session in New York, speakers from diverse groups included (left to right): Murray Lincoln, Cooperative League; James Patton, Farmers Union; and Robert Gaylord, president of the Na-

tional Assn. of Manufacturers. Committee recommendations reported by Matthew Woll (standing), its chairman, and A.F.L. vice-president, would transform the United Nations into a powerful postwar organization; have an international police force if necessary—but no isolationism, expansion, or imperialism; pull down barriers interfering with the international exchange of goods and services.



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War production has highlighted the ability of modern industrial Gas equipment to cope with new demands for accurate and precise heat-treatment of metals . . . and spotlighted the fact that Gas engineering already had most of the answers, worked out through experiment and research, and needed only to assemble these proved Gas

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try's 420,000,000-lb. capacity goes to the Army and lend-lease. Pre-war industrial customers—ice cream manufacturers, bakers, and confectioners—used the present product successfully under controlled conditions.

• **Must Be Foolproof**—But if the housewife is to be persuaded to accept a consumer package after the war—thereby absorbing some of the industry's greatly increased capacity—dried whole eggs must be made more nearly foolproof.

To Ease Squeeze?

OPA promises price relief for independent meat packers as national association demands a congressional investigation.

Independent meat packers this week were a little more hopeful of remedial action on the cattle price squeeze that many of them claim is driving them out of business.

• **Requests Inquiry**—For one thing, they had the promise of John J. Madigan, assistant director of OPA's Food Price Division, that relief measures are at the stage where help may be expected momentarily. For another, Fred M. Tobin, elected president of the National Independent Meat Packers Assn. at its meeting in Chicago last week, had wired to ask the Senate and House small business committees to investigate the squeeze.

Troubles are typified by those that caused 25 local packers in the Buffalo area to go "on strike" against OPA regulations (BW—Apr. 8 '44, p. 85). Their argument was that they couldn't do business on the margins allowed, that only the big Chicago houses geared to make money out of all the byproducts could skin by.

• **What They Guess**—The independents don't know what OPA is prepared to do for them, but here are some of their guesses:

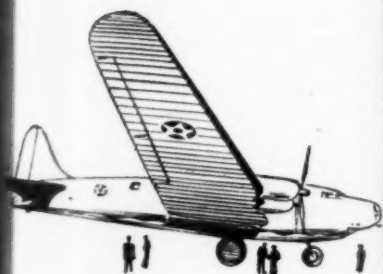
A subsidy of, say, 50¢ a cwt. on western cattle shipped into the Northeast and slaughtered there might be granted.

There might be such a subsidy granted for the Buffalo area alone.

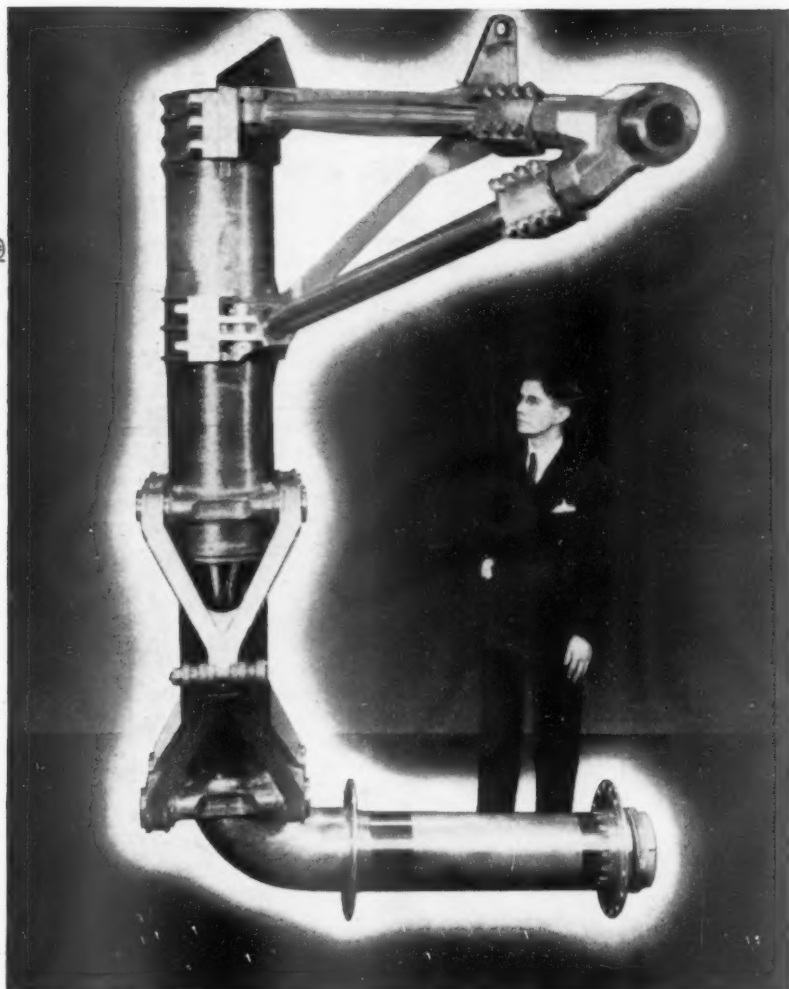
A price rise of 50¢ a cwt. on dressed meat might be granted in the Buffalo area.

Three counties (Erie, Niagara, and Cattaraugus) might be shifted from Zone 7 to Zone 8 which would permit a rise of 25¢ a cwt. on dressed beef.

• **Basis for More Pleas**—Independents in other areas feel that, if Buffalo gets any one or combination of these types of assistance, packers in other pinched regions will ask comparable relief.



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weigh less than 4,000 pounds, but
they were machined down from
10,000 pounds of rough forgings.
And right there is an important rea-
son for the use of Republic Electric
Furnace Steel.
Mostly man- and machine-hours were
expended in fabricating those struts
to close tolerances. Had an imper-
fection in the steel caused rejection
after final inspection, all that labor and
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— HE KNOWS PAPER

Harvesting Race

Massey-Harris spots its self-propelled combines in areas of acute machine shortage, offers prizes for best performance.

The self-propelled combine is a relatively recent development of the Massey-Harris Co. (BW-Dec. 25 '43, p. 22). Advantages claimed for it over the conventional tractor-propelled type, after several years' development in South America, Canada, and the United States, include savings in manpower, fuel consumption, and crop yield because a field is opened by it without crushing down a tractor-wide swath of grain.

• **Extra Quota**—On request of the U. S. War Food Administration, the Canadian government allotted the Massey-Harris Canadian company an extra production quota for the current year of 500 self-propelled 14-ft. combines, to be sold in the U. S. under a special plan for custom combining.

A 14-footer is a sizable machine. A year ago there were on U. S. farms only 109,000 combines of 10-ft. or greater capacity, and about two-thirds of these are eight years old or more.

• **The Greatest Acreage**—Finding 500 American farmers to buy these self-propelled combines to use in harvesting their own and the neighbors' crops would have been as easy as falling off a log. But M.-H. saw an opportunity to place these machines so that they

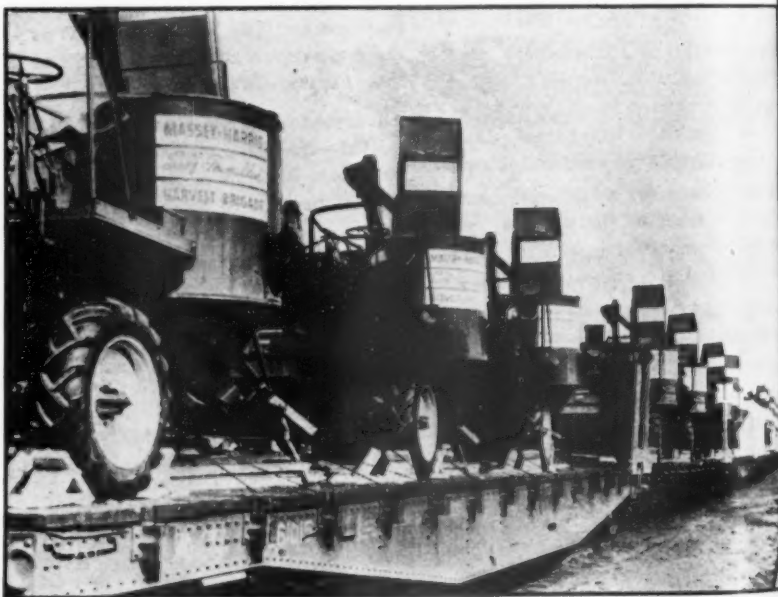
would harvest a maximum acreage of 14,000,000-acre increase in grain plantings that WFA has requested. This would help to relieve the short supply of combines and of harvest hands, and could get the company some excellent publicity.

No. 1 shortage area for combines is the Southwest. Farmers there, made overoptimistic by Washington's promises of plentiful farm machinery in 1944, sold thousands of used combines last summer to dealers farther west (BW-Sep. 4 '43, p. 20). Also, this is the area where grain first ripens. Therefore the harvest moves northward at 1 mi. per day.

The M.-H. sales organization accordingly allotted self-propelled combines to its dealers on the stipulation that they could be sold only to experienced custom combiners. The purchaser had to agree to take possession at a specified point in southern California, Texas, Oklahoma, or Kansas. He also had to agree that during the 1944 season he would harvest a maximum of 2,000 acres, taking on jobs which he would be guided through the company's dealer organization.

• **Brigade at Work**—For promotional purposes, this enterprise has been named the Massey-Harris Self-Propelled Harvest Brigade. All of the machines have been made; many of them have been delivered. They started cutting last week, combining flax in the Texas Rio Grande Valley and in southern California.

Objective for the season is 1,000,000 acres, and prizes are to be awarded



Self-propelled combines go south in force to meet the northward advance of harvests under the Massey-Harris plan to get extra work from machinery.

by the company for best performances among brigade members. Brigade units are to be routed by M.-H. men working ahead of the harvest and directed to farms which sign up through the local M.-H. dealer and the local Agricultural Adjustment Administration combine committees for combine services. Extra maintenance and repair facilities will be afforded brigade members by factory servicemen and by dealers while the custom combiners are working in each community.

Money Plan Lags

First anniversary finds U. S. Treasury's world currency stabilization idea received with cautious interest abroad.

The Treasury's much debated plan for international currency stabilization has just passed its first official birthday, but there was little celebration in financial circles.

Received with wary reserve abroad and outright hostility in many quarters at home (BW-Apr. 10 '43, p. 100), the ambitious plan, announced by Secretary of Treasury Henry Morgenthau and Dr. Harry D. White, has had tough going in its first year—so tough that many finance experts think the most remarkable thing about the White plan is the fact that it has survived this long.

• **Confer With Russia**—Two factors, they say, account for its vitality:

(1) The Treasury's traditional stubbornness about giving up an idea.

(2) The general agreement that after the war it will take some sort of deliberate planning to put the machinery of international finance back in running order and keep it that way.

In the year since it first announced the stabilization plan, the Treasury has sponsored a series of conferences between its own experts and representatives of the various countries that might participate. The one going on at the moment is with Russia.

• **Agreements Sought**—Complicating the current discussions is a question as to how much of a figure the Russians intend to cut in postwar international trade. Russian monetary technicians are not tipping their hands on this point.

Eventually, the Treasury wants to hold a full-dress monetary conference that will draw up a formal compact for approval by the participating nations. It won't try this, however, until it has reached substantial agreement informally with at least a majority of the United Nations, including ones like

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England and Holland which occupy key spots in international trade.

• **Interested But Cautious**—When Morgenthau first announced the stabilization plan, he hoped to have the stage set for a major conference early this year, but the bilateral discussions have lagged behind the timetable. Hence the Treasury isn't ready yet to fix a date or even say for sure that there will be a conference.

In the informal conversations, the Treasury has found other nations interested but cautious. Although no country repudiates stabilization in principle, all of them want to think it over before they commit themselves to a particular form of it. Several have made objections to the plan as it stands, and a few have operated on the principle that stabilization is fine for the rest of the world but not for them.

• **Major Obstacles**—So far, two major obstacles have emerged:

(1) Some of the smaller and financially weaker countries don't want to renounce currency devaluation and exchange control as instruments of policy. They regard devaluation as an undesirable but by no means disreputable way of getting out of a financial hole—like borrowing on your life insurance.

(2) Countries like England, Holland, Belgium—whose whole economic life depends on international trade—want to be sure that the stabilization plan takes account of their particular problems and leaves them room to make adjustments.

To meet the various objections that have come up, the Treasury will make at least one more revision of its official plan before calling any grand conference. Some of the modifications will be real; some will be window dressing. All will apply to detail rather than to basic principles.

• **U. S. Plan Preferred**—Discussions of the past year have convinced American experts that the original Treasury plan stands a better chance of being accepted by a majority of the United Nations (including the U. S.) than the British counterpart proposed by economist J. M. Keynes.

This is partly because it is a domestic product, partly because it would preserve most of the features of the old gold standard. Even nations that were whipsawed by the gold standard would like to get back on gold if they could do it comparatively painlessly.

• **Criticism at Home**—Although most of the discussions have centered around the stabilization plan, foreign representatives have been even more interested in the Treasury's companion proposal for a world bank for reconstruction and development.

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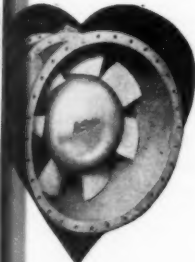
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IF BLOWERS WERE BOMBERS



The FAN is the heart
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With a Buffalo Axial
Flow Fan, the system
always up to par.



● "Buffalo" would be listed among the leading producers of war weapons . . . if blowers were bombers. Although the thrill that comes in watching a Flying Fortress take-off is entirely lacking when a Buffalo fan leaves the factory, in a sense fans and blowers are as important to Victory as bombers.

In the preparation of food, chemicals, explosives, textiles, petroleum, paper, synthetic rubber, optical goods, medicines, radio, steel . . . in fact in every essential industry, fans or air conditioning, or both, are an integral part of some stage of the process.

"Buffalo" builds fans for all these industries and many more. In addition to record-breaking production for industry, Buffalo has built thousands of axial flow and centrifugal fans for the U. S. Navy, Maritime Commission, for Army and Air

Corps and advanced bases, for America's gigantic Air Industry, for underground gasoline storage stations, for "cold-test" rooms and for handling explosive fumes in many special applications.

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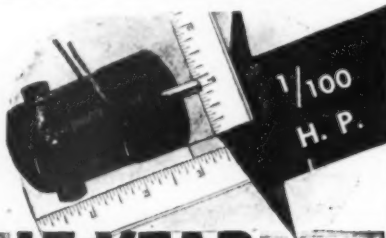
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Queen of the billboards is 3½-ton "Mabel" (above), the biggest chunk of pulchritude ever to grace Manhattan's main stem—Broadway. From a normal-sized Varga drawing, Mabel was enlarged, one foot to the quarter inch, and grew to 157 ft. at the Chicago studio of Artkraft-Strauss Co. There her figure was divided into 36 sections—first on paper, then plywood (right)—and consumed 20 gallons of paint. The Brobdingnagian beauty's creation and her Broadway debut—to advertise a current musical comedy—required 768 man-hours.



plan is too indefinite to offer much ground for international argument. Hence, discussions have been general and amicable.

At home, however, both the bank and the stabilization plan have come in for plenty of criticism. Although the Treasury put on an energetic campaign to sell commercial bankers the idea, most of them have greeted it with the manner they usually reserve for mortgagors who come in to ask for an indefinite extension.

• **Bankers Aloof**—As yet, the majority of the bankers haven't committed themselves on the plan, but some of their most influential spokesmen have not hesitated to come out solidly against it.

Leon Fraser, president of New York's First National and former president of the Bank for International Settlements, led off with a blast against the idea of stabilization through buying and selling in a central fund.

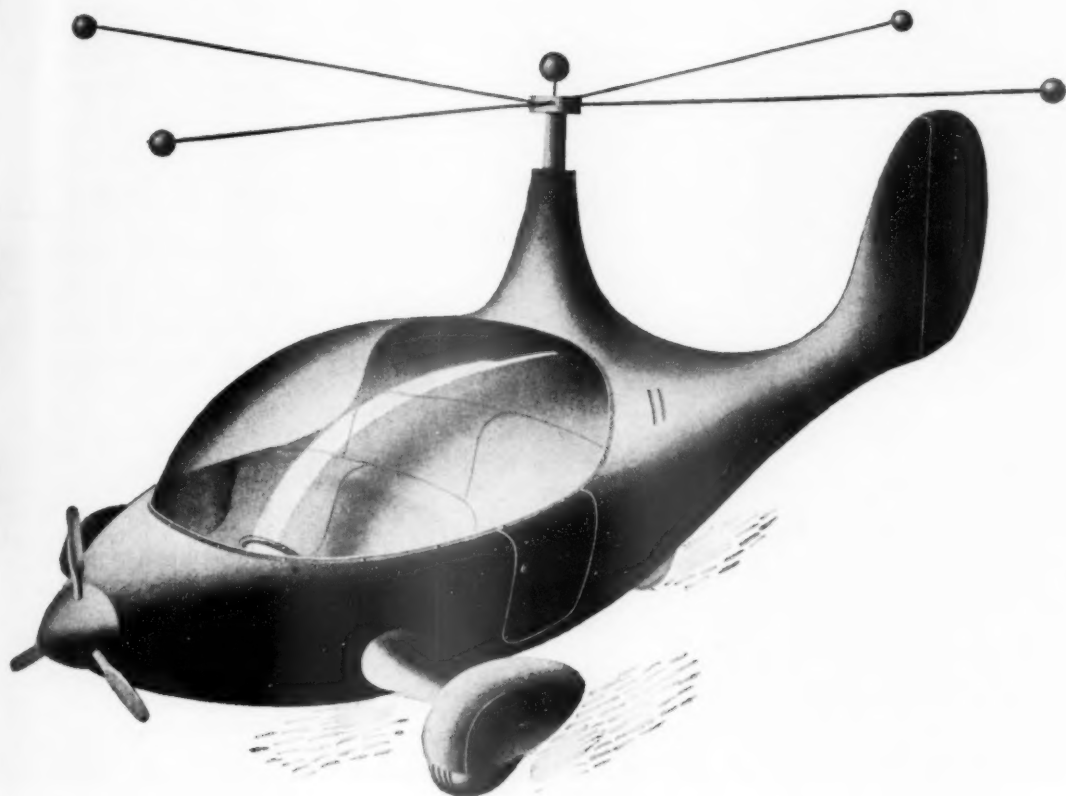
Following his lead, other big bankers have lined up against any plan for

central stabilization operations, proposing instead an agreement to fix the pound-dollar ratio, thus laying the foundation for a more or less informal alliance that presumably would pick up members as time went on.

• **Resistance to Change**—Part of the opposition to the Treasury's plan comes from pure resistance to change of any sort; part comes from a nostalgic devotion to the vision of an automatic gold standard that never existed and probably never could.

But there is also plenty of hard-headed reasoning behind the criticism. For one thing, joining up with any sort of stabilization fund would mean sacrificing a measure of control over domestic monetary affairs. There is no way of being sure in advance that the influence of the fund might not be thrown in a direction that would upset the applecart at home.

• **Treating Symptoms**—Another point that critics have in mind is the danger that adoption of a stabilization plan will be substituted for a more funda-



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MAYBE you'll park your post-war "dream boat" next to a cloud, instead of a curb. Maybe it will go 40 miles per eyedropper-full . . . or run on electronic waves. Maybe it'll look like a rocket ship. Perhaps more like an aquarium!

Frankly, we don't know. But one thing at least is certain: nearly every part from which it is constructed will be cleaned as your future chariot takes form on tomorrow's busy production lines.

Cylinders, body sections, fixtures, plus a thousand and one other items will require expert cleaning before processing, painting or plating. And it's certain, too, that the task can be delegated with confidence to speedy Wyandotte compounds . . . metal cleaners that are proving their mettle in a host of war production plants right now.

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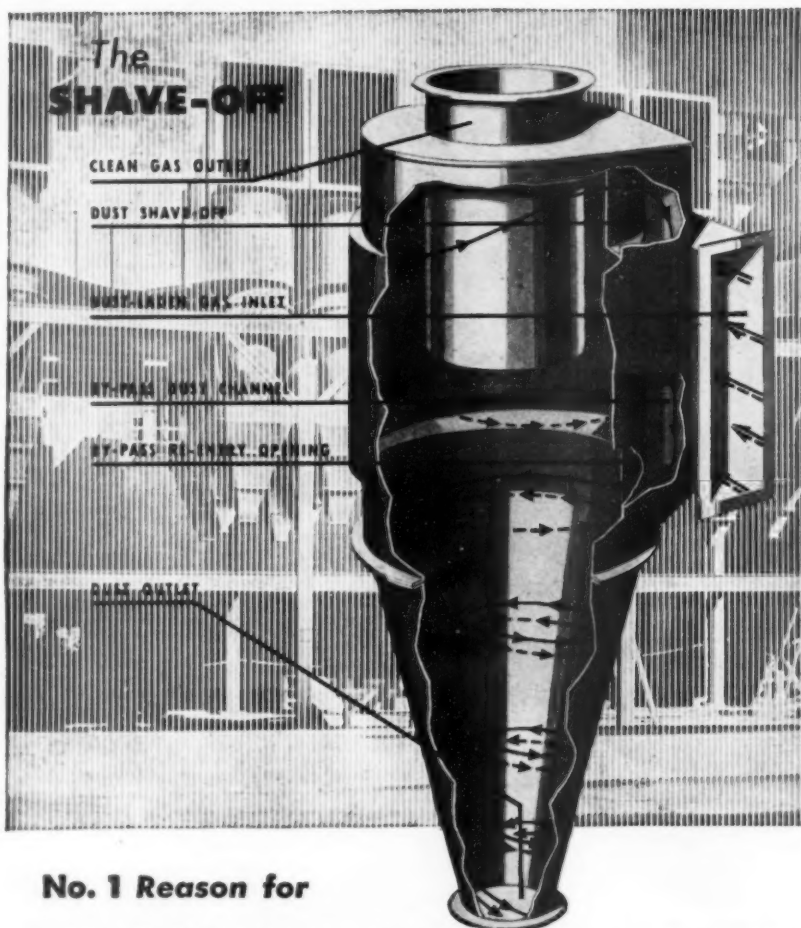


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	FREE DUST FLOW	

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mental agreement designed to balance international commercial relations in balance.

In the long run, no stabilization plan can hold out against a chronic distortion of trade. Hence, this line of reasoning runs, if we establish a stabilization fund before we reach a understanding on trade, we are just treating symptoms.

Goal in the Clouds

Kansas City must find 200 workers a day for six months to staff the Navy's new Pratt & Whitney engine plant.

Kansas City faces a tough manpower hurdle. The city's huge, new aircraft engine plant—operated by Pratt & Whitney Aircraft Corp. of Missouri—must hire 200 workers every day for the next six months, if it is to meet production schedules. Until late this year, this will be the only factory producing the Pratt & Whitney 2800-C engine, a superpower job urgently needed for the Navy's most important aircraft.

• **Guarding Against Loss**—The employment demand—almost staggering for a city of its size—was made in Kansas City last week when ranking Army and Navy officers made an official inspection of the big plant, which is sponsored by the Navy.

At peak production, the factory will employ approximately 29,000 persons, but the hiring goal of 200 a day has been set up to take care of the inevitable losses from the draft and other causes. H. Mansfield Horner, Pratt & Whitney, bluntly told Kansas City civic leaders that employment isn't half meeting this goal now.

• **More Than 2,100 Hp.**—The new C engine, which is known as the Double Wasp and which develops more than 2,100 hp., will be used in the Navy's F4U Vought Corsair and F6F Grumman Hellcat fighters, as well as in the Thunderbolt and other Army planes. It is more powerful than any plane engine Germany or Japan is known to be producing, according to Rear Adm. De Witt C. Ramsey, chief of the Navy Bureau of Aeronautics, who headed the inspection party.

Later, the C engine will be built also at Pratt & Whitney's East Hartford (Conn.) plant. The Kansas City plant was designed especially for this engine. The site comprises 363 acres, and the floor space under roof is approximately 80 acres, of which 21 acres are machine shop area. More than 5,000 machine tools are in operation. The conveyor

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The expert skier, leaping high in a mighty jump down a mountain side, must be acutely sensitive to any feeling of unbalance, and ready to respond with corrective action in a *split second*. Just so in industrial processes, temperature controllers must be equally responsive to unbalance and able to apply correction *instantly and continuously*.

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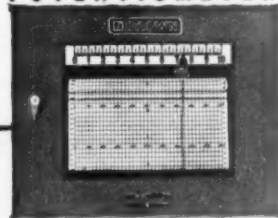
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system includes five miles of overhead conveyor in five separate systems; also, there are two power conveyors in the floor of the assembly building.

• **Parts Made, Too**—There are more than 1,600 parts in the C engine, and 641 of these are manufactured in the Kansas City plant. These include such

major parts as crankcases, cylinders and barrels, pistons, all gears, master rods, connecting rods, and cams.

Manufacture of these parts calls for about 15,000 operations. Most of the tools are designed for one job in order that inexperienced workers may be trained quickly to operate the machines.

The Kansas City plant, which was in production within less than 20 months after ground was broken, was built by the Navy. It is operated without profit as well as without management fees by Pratt & Whitney Aircraft Corp. of Missouri, a subsidiary of United Aircraft Corp.

Dentist Keeps Open China's Life Line to U. S.

In faraway Chungking, capital of unoccupied China, an announcer steps to the microphone of radio station XGOY. Some 7,000 miles across the Pacific Ocean, on a barren strip of California coastline, powerful receivers pick up China's "life line" to the United States.

• **He's a Veteran**—At the listening post is Dr. Charles E. Stuart of Ventura, Calif., who switches from dentists' drills to radioman's headset with equal ease (below). China's official "ear" in the United States for nearly four years, Stuart grew up with radio, obtained one of the first amateur radio operator's licenses in 1914 when he was a 13-year-old schoolboy, and finally achieved the distinction of "world's champion amateur radio operator."

Above his dental laboratory is the compact radio room which houses a powerful receiving station. Stuart maintains a busy wartime dental practice in his "spare time" but it's only a short flight to his favorite spot—the radio room.

• **Receives the News**—Every scrap of official news (and much of the wordage written and spoken by correspondents of American newspapers, magazines, and radio networks) from Chungking is picked up by his four

powerful receivers, recorded, transcribed, and then teletyped to many parts of the country.

• **Project Expands**—The listening post started out as a modest enterprise receiving only 1,500 words of straight news each morning; now transmission takes 85 minutes daily, including news items, messages from Americans in China to relatives and friends in the U. S., and dispatches from correspondents in Chungking, all designed to keep China and its fight against Japan before the eyes of the world.

Stuart and his assistant, Mrs. Alacia Held (right), drafted into her present role from the job of dental assistant, once received a 100,000-word manuscript over the air. It was handled in 10,000-word daily "takes," in addition to the regular run of news and messages, and was cleared from Chungking to New York in less than two weeks.

• **Not a Simple Job**—A regular project is the recording of a majority of the articles published each month in a magazine distributed from New York by the Chinese Ministry of Information.

All broadcasts from Chungking to its Yankee "ear" are in English, but that doesn't simplify the job much.



At first, Stuart and Mrs. Held burned the midnight oil to unravel Far East terminology and spelling of Chinese names and places so unfamiliar to them at that time. Now they whip through it like natives.

The Chungking end of the "life line" has overcome almost insurmountable obstacles to remain in daily contact with the United States. During the tight Japanese blockade and the daily bombings of the city, spare parts were virtually impossible to obtain, and the staff was forced to take to the caves to escape the rain of death from the skies. But, except for a two-hour period when Japanese bombs severed the cable between the studio and transmitter, the station has never been off the air for its scheduled broadcasts.

• **Repeating Champion**—Stuart's career as a radio "ham" reached what he then thought was its climax in 1937 when he won his first DX championship of the world in the American Radio Relay League's annual contest for holding two-way communication with the most foreign nations. He repeated that achievement in three other years. His amateur transmitter's call letters, W6GRL, were a byword in "ham" bull sessions in every part of the world, even as far away as isolated Tibet.



Points for Muscles

New ration group set up to provide extra allowances of food for manual laborers, whether at work or at home.

Machinery through which OPA grants extra ration points to workers engaged in heavy manual labor was established in Washington this week, to be effective for ration periods beginning May 1.

Nub of the program is the creation of a new ration group, designated Group IV, to cover industrial feeding facilities.

• **For Loggers**—First application of differential rationing under Group IV affects loggers, primarily those who eat at logging camps, but is extended to cover individual workers who may be "isolated," as the OPA explains, from institutional feeding. Loggers were given first consideration because War Food Administration nutrition experts decided they require more food energy—about 5,500 calories a day—than workers in any other industry.

Food requirements of workers in other heavy industries are being computed, OPA said, for other allowances of differential rationing. Indicating scope of the program is an official estimate that 80% of all workers in manufacturing are fed on location (BW—Feb. 26 '44, p52).

• **Up to Local Boards**—Applications for special allotments by Group IV establishments are to be made to local boards on OPA form R-315 during the regular application period for all institutional users.

What other industrial workers may expect, in proportion to the physical effort their jobs require, may be judged from these details of supplementary rations for institutions that feed loggers:

For workers living on the premises and having "substantially all their meals" on location, 159 meats and fats points and eight pounds of sugar per man per month.

For nonresident loggers who take only part of their meals on location, 94 meats and fats points and six pounds of sugar per man per month. Each man, in addition, has regular civilian ration of 65 points and two pounds of sugar a month.

• **More Are Available**—These supplementary allowances are based on the assumption that the establishment can get about 6½ lb. of poultry and fresh fish, about 15¼ qt. of fresh milk, and about 2 lb. of fats in commercially baked goods per man per month. Isolated camps where such unrationed foods are not available may obtain up to 34 addi-



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A member in good standing of the "stovepipe artillery," the 60-mm. mortar is equally adept at blasting enemy tanks, or cleaning out a machine-gun nest.

This mortar took shape on paper. Paper kept pace with its progress from blueprint to arsenal to proving ground, and paper "sat in" on the meeting which decided its destination at the Fronts in Europe and Asia.

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HAMILTON PAPERS



tional meat points per man per month to balance the lack of poultry and fish; up to 14 points to balance the lack of fresh milk.

In states where margarine is not available, logging camps get an extra six points per man.

• **Lone Hand**—An isolated logger who does not eat at a Group IV establishment may get a total of 219 meats-fats points, including the 65 in his ration book, per month, 8 lb. of sugar, including the two in his ration book.

Oil in Mississippi

Gulf strikes a deep pool with 1,000-bbl. flow in well near Alabama border. Some leases in area bring \$1,000 an acre.

Oil men this week generally agreed that Gulf Oil Corp. had fulfilled the ambition of every aggressive producer. It had brought in convincing evidence of a major oil pool discovery in one of the Gulf states east of the Mississippi River.

The discovery, in fact, is clear across the state of Mississippi from the river, near Heidelberg, in Butler County. It is about halfway between Jackson, Miss., and Mobile, Ala., and within 15 or 20 miles of Alabama's first producing oil pool southwest of Butler (BW—Feb. 26 '44, p. 8).

• **Like Western Structures**—Significance of the discovery, aside from the 1,000-bbl. flow of water-free oil in the first 24 hours of a test run, is said to be in depth of the oil-bearing formation, and in production from geological formations similar in age and appearance to the oil-bearing structures west of the Mississippi which have made Texas and Louisiana great producers.

Reports from Heidelberg said net oil-bearing sand was about 142 ft. in depth, encountered in a layer cake arrangement from 4,500 ft. to well bottom at about 5,050 ft.

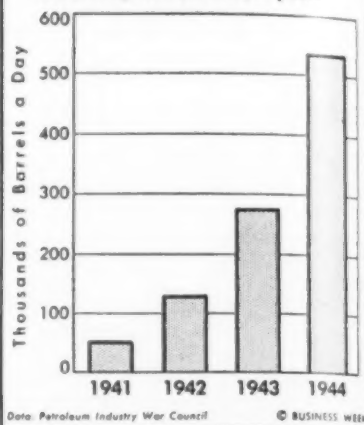
• **Greater Potential?**—The No. 1 Lewis Morrison, as the well is named, may have a much greater potential than the 1,000 bbl. daily it tested, in view of customary use of a choke which virtually limits production to this figure.

This is the second Gulf producer in the so-called Heidelberg dome; the first, No. 1 Helen Morrison, made about 400 bbl. daily on an initial test, and brought lease hounds flocking to the area on reports that its potential might be 8,000 bbl. to 10,000 bbl. daily.

• **Sun Drilling, Too**—In addition to the two producers, Gulf is reported to have a third proved location in the same pool.

GASOLINE FOR WAR

Output of aviation gasoline and toluene up tenfold in four years



Official statistics on aviation gasoline (the first released since the beginning of this war) reveal a startling increase in output—from a daily average rate of 52,000 bbl. in 1941 to 536,000 bbl. a day in 1944. The 1944 figure represents the potential maximum output of the industry, and actual production so far this year has closely approximated this level. For security reasons, output of toluene, a closely allied product, has been grouped with aviation gasoline in the official statistics.

Sun Oil Co. is drilling an offset well, and other producers have converted hotel lobbies for miles around into leasing offices. Some leases were bringing \$1,000 an acre with sellers retaining a one-eighth to one-quarter overriding interest on top of the customary one-eighth royalty.

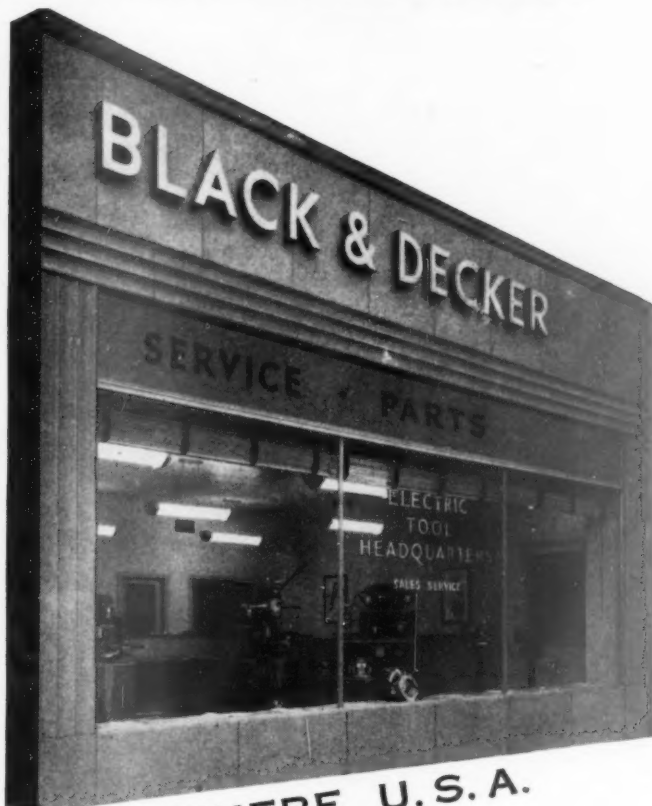
Although Mississippi had previous oil production, none of it came from what is considered a major pool.

FPC TESTS ITS RIVER POWERS

The Federal Power Commission's recent order directing the Georgia Power Co. not to complete its Furman Shoals dam and power plant on Georgia's Oconee River without first obtaining a license is the peg for a test case in which the agency hopes to clinch the broad control over rivers it got under the Supreme Court's decision in the celebrated New River case (BW—Dec. 21 '40, p. 8). It is expected that the power company will appeal.

The New River decision gave FPC sweeping jurisdiction over dams on any stream which might affect navigation. The New River was found navigable at

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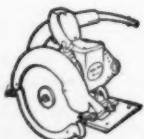
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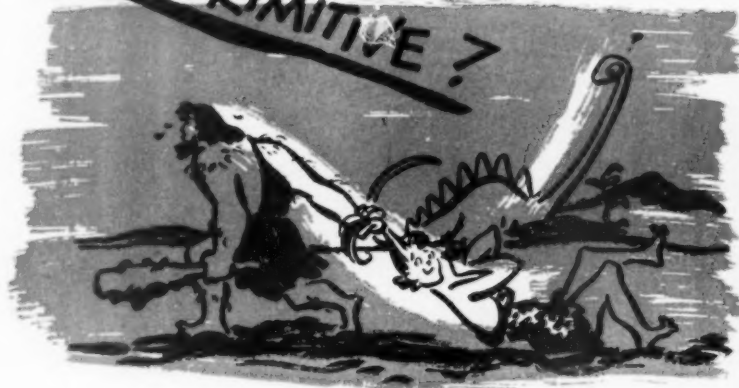
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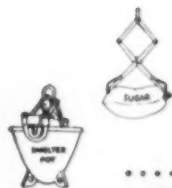
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Heppenstall Automatic Safe-T-Tongs



X-RAY FOR CASTINGS

Magnesium aircraft castings are X-rayed for flaws by a special machine that projects an image of the part on a screen for careful study. Thus Chicago's Hill-McCanna Co. checks strategic items for imperfections before they're machined. This company, which stopped casting other metals in 1942 to concentrate exclusively on magnesium, is now one of the country's biggest processors of it.

the dam site. In the Furman Shoals case the commission does not contend that the Oconee is navigable at the dam site but that the dam would affect the navigable portion of the Oconee below the site.

In its order on the Georgia company, FPC required that it "apply for and accept" a federal license before completing construction of the dam, which was begun in 1929 and halted unfinished two years later by the depression. Normally FPC merely requires that a license be applied for before construction starts.

INDEPENDENTS MERGE

Following approval of the transaction by OPA, announcement has just been made of the sale to Glenmore Distilleries last week of the Taylor & Williams Distilleries in Louisville.

The sale price, which includes other holdings of the Dant family (which controlled Taylor & Williams), is expected eventually to run somewhere between \$5,000,000 and \$6,000,000, depending on the results of a re-gaging of the 40,000 bbl. of whisky

AW, now has aging, and other ad-
 iments.

Unlike so many previous similar
 transactions in the whisky industry in
 past year or so (BW-Oct.30'43,
 1943), this purchase is primarily of inter-
 est to the industry because a sale will
 merge two of Kentucky's larger and bet-
 ter known "independents" rather than
 merely transfer still another "independ-
 ent" to one of the trade's "Big Three."
 By swelling its whisky inventories by
 10,000 bbl. at a time when the distill-
 eries, under government directives, are
 building up manufacturing industrial alco-
 hol, Glenmore Distilleries is greatly
 strengthening its position in the indus-
 try. Also, by the purchase Glenmore
 will increase its daily distilling capacity
 about 10%, or some 60 bbl.

Army Reproved

San Francisco lays loss
 warehouse in fire to neglect
 services to observe city code
 in water hydrant specifications.

Early this month a half million dol-
 lar Army warehouse in San Francisco
 was destroyed by fire. One big reason
 why this vitally important depot must
 now be written off as almost a com-
 plete loss is that the equipment of the
 city fire department could not be
 quickly attached to the water hydrants
 installed by the Army at the project.

Valves Inaccessible—Furthermore,
 the valves were not easily accessible—
 in one instance, the firemen had to dig
 underground to get to them—and the
 pressure in the water main was low, ac-
 cording to a report made by Frank
 Kelly, city fire marshal.

The incident provides the city
 fathers, ever mindful of the ravages of
 the 1906 fire, with a tailor-made oppor-
 tunity to press their case against the
 services for failure to observe the city's
 building code.

Code Ignored—Relations became
 strained shortly after Pearl Harbor when
 the Army and Navy took over a num-
 ber of downtown buildings and remod-
 eled them, refusing to permit city in-
 spectors to look over the premises.

Further, the city contends that the
 services actually encouraged contractors
 to flout city and state building laws.
 In way of retaliation for the "brass hat"
 attitude, the city fire department issued
 orders that its inspectors should give
 no information to military intelligence
 or to the Federal Bureau of Investiga-
 tion.

Services Retreating—The services are
 now retreating, as strategically as pos-



SLOW AND STEADY



...WITH NO SPEED VARIATIONS

Recently, a manufacturer building secret
 military apparatus called for a small, com-
 pact electric motor that provided unflin-
 ing, uniform slow speed. Since standard "off the
 shelf" gear motors could not meet the strict
 performance and design specification, the
 only solution was a special motor.

Holtzer-Cabot motor development engi-
 neers tackled the
 job and designed
 a special synchro-

nous gear motor that exactly met all the
 operating conditions . . . and another mili-
 tary device was on its way to help win the war.

Today, Holtzer-Cabot is designing and
 building special fractional HP motors for
 war products, only. However, our motor
 development engineers, backed by over 50
 years of experience in electric motor de-
 sign will gladly cooperate with you on your
 motor requirements and problems for
 post-war products.

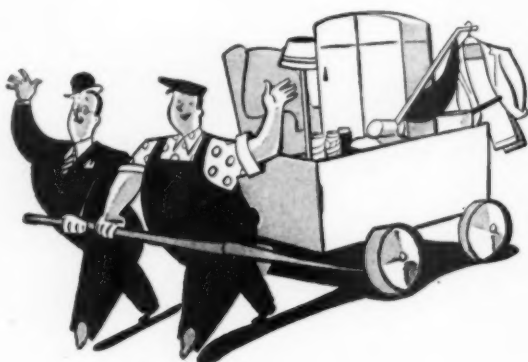


SPECIAL MOTORS DESIGNED TO FIT THE APPLICATION

THE HOLTZER-CABOT ELECTRIC CO.

Designers and Builders of Special Fractional HP Motors and Electrical Apparatus

125 Amory St., Boston 19, Mass. Chicago, Ill. • New York, N. Y. • Philadelphia, Pa.



TEAMWORK PAYS

Can LABOR and MANAGEMENT really afford to pull in separate directions? My answer is—"No!" Not when they have so much to gain by teaming up together.

Higher wages do not necessarily mean higher prices. What is produced for higher wages will determine the price.

Claims for higher wages must be based upon increased productivity as well as upon the higher cost of living.

Before discussing wages know the amount of work which can be performed by workmen on each job and through "job evaluation" establish the relative value of all jobs.

Then we have the measuring tools, understood by both labor and management, to be used in setting up fair wages in each job classification.

Management must remember that "Labor is just as efficient as management plans for it and provides the tools with which to work."

Labor must accept the responsibility of performing in accordance with the measurements set up and agreed to by both parties.

In this way, and only in this way, can we make available to all Americans the better things of life at prices they can afford to pay.

Geo. T. Trundle Jr.
President

1919-1944

THE TRUNDLE ENGINEERING COMPANY

Brings to Industry and Business

25 Years OF MANAGEMENT ENGINEERING EXPERIENCE

GENERAL OFFICES • CLEVELAND • BULKLEY BUILDING

CHICAGO

NEW YORK

City National Bank Bldg., 208 S. La Salle St.

Graybar Bldg., 420 Lexington Ave.

sible. Rear Adm. C. H. Wright, commandant of the Twelfth Naval District, has promised that "no fire hazard have been or will be created in process under Navy control." A spokesman of the commanding general of the Navy Service Command announced that the Army would follow local codes as long as they were sound and reasonable. operation is the order of the day.

But the city fathers are still wholly mollified. They are toying with the idea of revoking licenses and putting all civilian contractors who perform a government job that does not conform to city regulations.

For Better Teeth

Newburgh, N. Y., launches

ten-year research in prevention of dental caries by introduction of fluoride in drinking water.

Dental history may be in the making at Newburgh, N. Y., where a forthcoming city-wide, ten-year research project under the aegis of the N. Y. State Dept. of Health will use all of its 32,000 inhabitants as "guinea pigs."

• **Testing a Theory**—Plan calls for adding one part of sodium fluoride to each 1,000,000 parts of the city water supply after the manner of chlorine addition now used practically everywhere to kill down bacteria and other microorganisms in municipal water supplies.

Although sodium fluoride is a germicide in its own right (but more frequently used as an insecticide), its proposed use is to test a dental theory that its absence in any diet leads to dental caries, or tooth decay.

• **Kingston to Cooperate**—Back of the test is the discovery a couple of years ago that the inhabitants of Deaf Smith County, Tex., and a few other localities are favored with sounder-than-average teeth. The theory is that the water they drink and the soil from which the vegetables spring contain minute quantities of fluorides that the less favored areas do not provide.

Scientific control, or negative check for the test will be furnished by Kingston, N. Y., a nearby city of similar size which has no NaF in its water and promises to add none during the coming ten years. One thousand Kingston school children and 1,000 of Newburgh's will have their teeth examined and charted at the start of the long test, followed by examinations each year of all the 3,500 children of each city.

• **To Compare Records**—Periodic and final comparisons of the resultant records are expected to determine the eff-

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1944



If you ever get aero-otitis media

IF YOU ever go deep-sea diving and get aero-otitis media, you can thank a Cooper-Bessemer compressor for the helium that will ease or cure you. This peculiar disease has plagued the ears of aviators, deep-sea divers and compressed air workers for years. Now medical science uses gaseous helium to penetrate and open up blocked ear tubes.

This is just one of many new uses for the lightweight, non-inflammable gas that keeps Navy blimps, barrage balloons and other lighter-than-air craft aloft. In hospitals helium serves to dilute oxygen breathed by asthmatics and cardiac patients; to render anesthetic gases non-explosive.

In the chemical world helium furnishes a safe atmosphere for storing very re-active substances like sodium.

In industry it makes possible safe welding of highly inflammable magnesium, is used also to

keep divers and sandhogs from getting the "bends".

The United States has a world monopoly on helium, and in the refining process this rare gas passes through Cooper-Bessemer compressors. Throughout wartime industry, on hundreds of important processing jobs like this, Cooper-Bessemer compressors, Diesel and gas engines are at work. And after the war when efficient, low-cost power equipment is needed for the tough jobs of industry, modern new Cooper-Bessemer will be ready.

THE
Cooper-Bessemer
CORPORATION
Mt. Vernon, Ohio • Grove City, Pa.

BUILDERS OF DEPENDABLE ENGINES FOR 110 YEARS

"SPARE GUN PARTS HAVE GOT TO FIT ... OR ELSE!"



OFFICIAL PHOTOGRAPH, U. S. ARMY AIR FORCES

Any gun not in condition to fire is a liability to our soldiers at the front. When any gun element fails, or wears to a point where it is no longer dependable, it must be replaced immediately for every gun must be kept in service.

To do that, replacement parts must fit perfectly. The only way to assure proper fit (interchangeability) is to control all critical dimensions of every part with reliable gages before these parts are sent overseas. Our armed forces have neither the time nor the facilities in the field to correct dimensional errors in replacement parts.

Sheffield's specialists in dimensional control are authorities on interchangeable manufacturing.
Write for folder No. 43-1



THE SHEFFIELD CORPORATION
Dayton, Ohio, U.S.A.
AUTHORITIES IN DIMENSIONAL CONTROL



cacy, if any, of the fluoride addition. Few protests against the plan, which is said to be the first of its kind in scope, have been heard, because the percentage of dental caries runs high in Newburgh, and its citizens have been promised that the fluoride will add no perceptible taste to their drinking water.

U.A.L. Favored

CAB examiner recommends United Air Lines to operate the coveted over-the-hump route from Denver to Los Angeles.

United Air Lines has been recommended by a Civil Aeronautics Board examiner to operate one of the most sought-after air routes left unserved in the U. S.—the over-the-hump route across the 14,000-foot peaks of the Continental Divide from Denver to Los Angeles.

The route was avoided by all airlines before the war, but now it is prized because modern planes and new techniques permit on-schedule flight. The CAB is expected to approve the examiner's report.

• **New Planes Needed**—Edward D. Nicholson, United regional representative at Denver, said flights would begin—if the route is formally approved—as soon as United can get enough new DC-4 planes. Flying time will be five hours, 18 minutes, each way. Flight level across the Divide will be 16,500 feet, or more than 2,000 feet above the highest peaks. The flight route will be 874 miles.

Service to the East from Los Angeles is now limited to American Airlines (via El Paso, Fort Worth, and Dallas) and Transcontinental & Western Air (via Amarillo and Kansas City).

• **Cross-Country Link**—The new route would constitute the western leg of a cross-country route (BW-Jun. 12 '45, p. 20) either by continuance from Denver over United's main route (from San Francisco to Omaha, Chicago, and the East), or by Continental Air Lines' route east to Kansas City.

Four lines had asked for the Denver-Los Angeles franchise, including Continental, Western Air Lines, United, and T.W.A.

• **15 Flights a Day**—United is expanding service through Denver to give the city eight United westward flights and seven eastward ones daily, exclusive of the Los Angeles service. If CAB approves the new route, United will not be permitted to give local service between Las Vegas and Los Angeles, a route now served by T.W.A.

WAR BUSINESS

CHECKLIST

A digest of new federal regulations affecting priorities, price control, and transportation.

Increased Civilian Supply

War Food Administration's allotments of edible fats and oils to civilians for April, May, and June show an increase of 18,000,000 lb. over allocations for the last quarter. WPB has made a monthly allocation of 14 drums of carbon tetrachloride—less than 1% of normal consumption—to take care of those dry cleaners in isolated communities who are equipped to use only that cleaning solvent; application should be made to Service Trades Division of the Office of Civilian Requirements. . . . An amendment to WPB Order L-259 eases restrictions on physical therapy equipment to allow medical practitioners and hospitals to buy certain types, formerly reserved for the armed forces and land-lease.

Relaxation of Priorities

Steel strapping may be used for domestic shipments of 90 lb. or less to save lumber, fiberboard, twine, rope, and paper, as a result of revocation of WPB Order M-261. . . . A 10% increase in the amount of used oil that may be used in various types of protective coatings is provided by WPB Order M-332, as amended. . . . Small or "insurance" orders of nonferrous castings are exempted from price control under certain conditions by OPA Amendment 4, Revised Regulation 125, while sales of 500 lb. or less of metallurgical manganese ores or chrome ores are likewise exempted, by Amendment 4, Regulation 248 and Amendment 4, Regulation 258. . . . Petroleum Administrative Order 12 eases restrictions on the use of dispensing pumps and tanks for gasoline and other petroleum products. . . . through amendment to Order L-126, WPB has released seamless steel tubing for coil and tube assemblies in refrigerator condensers and coolers and has removed restrictions on thickness of tubing wall permitted. . . . Iron and steel may be used in bunkers and conveyor structures to improve conveying machinery and power transmission equipment, and alloy steels are freed for use in chains and sprockets, under amendment to WPB Order L-192. . . . Percentages of beef to be set aside for the armed forces are lowered to coincide with the seasonal decline in the slaughter and marketing of cattle; this does not mean more beef for civilians, but simply less for government purchase (Amendment 8, Food Distribution Order 152).

Containerboard

No one may accept containerboard for any purpose without specific authority of WPB. This order includes not only con-



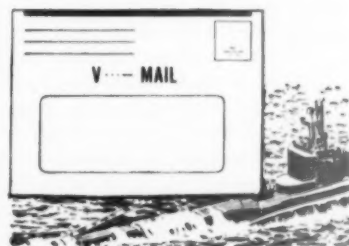
Four months of SILENCE...

and four more to come? . . . "Three weeks in base and still no mail! Everything's shipshape, we're set to shove off any minute—for God knows how long . . . If I don't get some word from home before we leave, I'll go nuts . . . " If the people at home would only . . .

Use V-MAIL

Ordinary letters go by ships in convoy, and may take months to get to distant points where service men wait for news from home. V-Mail flies . . . is the fastest postal delivery service in the world.

V-Mail letters are photographed, hundreds on a single film strip. At the processing point nearest destination, your letter is reproduced, sealed and delivered as a private communication . . . If a plane is lost, a new film strip is sent—if a ship is lost, your letter is lost with it.



You pay nothing extra in postage, but the serviceman gets the benefit of V-Mail and your thoughtfulness! You can buy V-Mail forms at your stationer's, or at all drug, department and 5 and 10 cent stores. Or we will send a sample packet of six forms with our compliments. Address . . .



PITNEY-BOWES POSTAGE METER CO.
1472 Pacific Street, Stamford, Conn.

Originators of Metered Mail, world's largest manufacturers of Postage Meters, which print postage for business mail . . . now devoted to war production.



WORKERS

Need Salt-

Supply it—this easy, simple way for less than 1c a man per week



At hard work on a hot day, a worker can easily throw off several quarts of sweat — sweat that robs his body of vital salt.

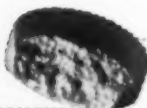
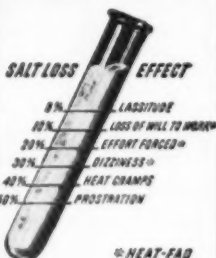
Salt is a balance wheel in the human body. It keeps body fluids in equilibrium and gives tone to the blood. When salt is lost the body is dehydrated and the blood thickens. The result is Heat-Fag, lassitude, inalertness. Production suffers, accidents increase, absenteeism is common.

But loss of body fluids causes thirst. Excess water without salt under these conditions, dilutes body fluids and causes heat cramps.

The easy, simple, sanitary way to replace the salt lost through sweat is with Morton's Salt Tablets. It costs less than a cent a man per week to have Morton's Salt Tablets available at every drinking fountain.

Physicians with America's largest manufacturing plants have the figures to show that this cuts down Heat-Fag, heat cramps, heat prostrations. Production stays up. Accidents stay down.

**This Is What Happens
When Sweating Robs
the Body of Salt . . .**



QUICK DISSOLVING (Less than 30 Seconds)

This is how a Morton Salt Tablet looks when magnified. See how soft and porous it is inside. When swallowed with a drink of water, it dissolves in less than 30 seconds.

Case of 9000, 10-grain salt tablets \$2.60
Salt-Dextrose tablets, case of 9000 \$3.15

MORTON'S
Heat-Fag
SALT TABLETS

MORTON'S DISPENSERS

They deliver salt tablets, one at a time, quickly, cleanly—no waste. Sanitary, easily filled, durable.

800 Tablet size . . . \$3.25

Order from your distributor or directly from this advertisement . . . Write for free folder.



MORTON SALT COMPANY, Chicago 4, Ill.

tainer manufacturers but makers of insulation "cedar" closets, filing cabinets, and other products. Containerboard that was in transit at midnight on Mar. 31, 1944, is exempt, as are specified small orders. (Direction 1, Order M-290.)

If shortages continue, boxboard and all other types of paper and paperboard containers may be brought under total allocation control, WPB's Paperboard Division has announced.

Tires and Tubes

Sales of synthetic tires and tubes to manufacturers who use them on vehicles of their own make have been given dollar-and-cents ceiling prices for the first time by OPA. Prices will be, on the average, 22% higher than maximum prices for natural rubber tires and tubes but 11% lower than rates previously in effect for synthetic products—most of which have been in experimental stages of production. Freeze ceilings for natural rubber tires and tubes are replaced with dollar-and-cents ceilings, at about the same level as former ceilings. (Revised Regulation 119.)

Rubber Director Bradley Dewey has announced that Grades A and C synthetic rubber camelback may be used without restriction for retreading.

Motorists who have hitherto been eligible for only used passenger tires (Grade III) may now get new passenger tire "factory seconds" as a result of an OPA action reclassifying these tires into Grade III. Factory seconds are tires or tubes which the manufacturer has found to be imperfect. Prices are 25% lower than those for perfect tires. (Amendment 74, Ration Order IA)

Liquefied Petroleum Gas

In a further step to meet the threatened shortage of liquefied petroleum gas (BW-Apr. 15 '44, p. 32), the Petroleum Administration for War has announced new controls. Through Direction 2 to Order L-86, WPB has prohibited the use of this gas as a motor fuel in passenger cars, while other amendments to the same order tighten restrictions on installations of liquefied petroleum gas equipment. (Directions 1 and 2, and Amendment to Order L-86.)

Ice Cream

Following last year's practice, the War Food Administration has promised that ice cream manufacturers will be allowed to exceed their quotas of milk solids during May and June of this year, if they will reduce their usage by a like amount in the months following. This adjustment will take care of the peak milk output of the coming months. Processors who wish to take advantage of this ruling should file application with their regional WFA office.

Wood Furniture

Production of wood furniture, formerly controlled by two orders, is now subject only to Order L-260-a, as amended. As before, with some exceptions the amount of wood available for furniture and crating in a year is 84% of the board footage used for

C'MERE AND SET-

whilst I pound some plain common sense into ye . . .

UNCLE SAM leans back comfortable in his big old porch rocker and crosses one striped knee over the other. Maybe you've never seen him this close before, and you notice that his pants have been snagged here and there, but carefully mended good as new, and you can see that all those starry and stripey clothes he wears are good for a lot more years yet.

Uncle Sam looks around him, and says in a low voice, "Maybe sometimes I seem to be a plain dunderheaded old fool. But I got a way about me of gettin' things done, as long as there's enough folks, summer or winter, Democrat or Republican, that do their talkin' at the polls and keep their shoulder to the wheel between times.

"Now I been preachin' at you to deny yourself, and you with more than you had for years, like as not. I been preachin' at you to save money, tellin' you there's only so much goods and food and clothes and all, and if you start biddin' 'em up, prices will take the bit right in their teeth and we'll have a mess on our hands. I didn't set you down here now to preach at you. I'm thinkin' you know *why* by now. Let's talk about *how*."

Then Sam leans back in his chair again, and a sort of faraway look comes into his eyes. "I had to send a boy you know into battle the other day. If I told you his name, you might say he was a boy you'd never pictured in your mind as a fighter. Well, I want to tell you that when the time come, that boy found a lot of extra backbone he didn't even know he had. Yep, the way he cleaned out Japs was a caution.

"Strangest thing," Sam says, sitting up straight and shaking a bony finger at you, "that same boy is worryin' about *you*. He got a feelin' out there in the jungle that he had sort of left his corner of the town in your hands, and he's never thought of you as much of a fighter either.

"He wonders if you can find in the middle of your fight what he found in his—guts. The guts to say no—no—NO; *every day* if you have to, every time you and your money get ready to do some damage together."

Then Uncle Sam sort of fades away and you find yourself sitting there alone, and you come to realize that this thing called U.S.A. is you yourself. And hanging there in the air right before your eyes is the question, "Can I do it?"

.... What are you going to answer?

TO KEEP AMERICA THE AMERICA WE'VE ALWAYS KNOWN, do these 3 things:

1—Encourage our representatives in Washington to tax our extra income away. (Sure it's hard, but not as hard as inflation, and saddling our children with the war's cost!) 2—Give wholehearted support to Government price-control agencies. (Sure they've made mistakes, but they're the best we have and they can do the job if we support them). 3—Get along

on as little as you can. Deny yourself—to buy War Bonds. (The suckers are the ones who are spending, not the ones who are saving. Think that through).

If you have the courage to do these three things, America can go right on being the America we've always known. Have you . . . ?

ROGERS DIESEL AND AIRCRAFT CORPORATION

1120 Leggett Avenue, New York 59, N.Y. Builders of diesel-electric equipment and aircraft parts for our armed forces. Divisions: Hill Diesel Engine Company, Edwards Company, Edwards Aircraft Products, Inc., Ideal Power Lawn Mower Company.

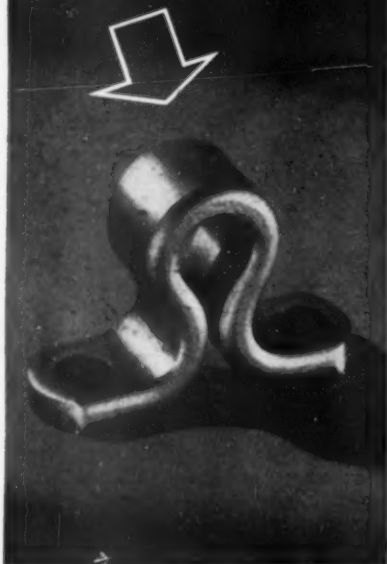


TRADE MARK REG.

Diesel Engines, 5 to 2000 h.p. * Gasoline Engines * Generator Sets * Generators * Power Units
Switchboards * Pumping Units * Hydraulic Aircraft Equipment * Recoil Mechanisms * Power Mowers
Power Brushes * Snow Removal Equipment * Streamlined DeLuxe Railway Motor Trains * Diesel Locomotives

COMPLETE REPRINTS of this message for poster use will be supplied upon request, subject to the limits of our paper allotment.

DOES THIS LOOK
LIKE A SPRING?



LOOKS more like a worm, doesn't it? But actually, it *is* a spring which helps cushion the shock in a clutch unit of a world-famous tractor.

Design looks simple, doesn't it? That's just proof of painstaking study by skilled engineers.

Looks easy to make, too, doesn't it? But Muehlhausen craftsmen had to "sweat" plenty to overcome the problems of forming and piercing thousands of pieces of tool-demolishing red-hot steel.

MUEHLHAUSEN SPRING CORPORATION
Division of Standard Steel Spring Company
775 Michigan Avenue, Logansport, Ind.

To improve product performance, use

MUEHLHAUSEN
Designed
SPRINGS

the same purposes in 1943. Metal springs in upholstery are limited to 50%, by weight, of the springs used in 1941, though joining hardware (nails, bolts, and screws) may be used without restriction. After June 1, 1944, a manufacturer may offer 25% of the number of patterns he offered for sale in September, 1941, or 24 patterns, whichever is greater. Until June 1, he is allowed 35% or 24 patterns. (Order L-260-a, as amended.)

Beds and Bedsprings

Double-deck coil bedsprings with metal frames, recently authorized by WPB, have been given dollar-and-cents maximum prices at manufacturers', jobbers', and retailers' levels. With the maximum retail price at \$12.75, this OPA action brings prices of bedsprings of better quality lower than those for bedsprings with wooden frames. (Amendment 1, Revised Regulation 213.)

Manufacturers of metal folding cots, metal rollaway cots, and metal double-deck beds have been given specific maximum prices by OPA. Jobbers' prices, also provided by this ruling, are based on March, 1942, differentials. Retail sales will continue under the coverage of GMPR. (Order 1470, Regulation 188.)

Used Gas Ranges

Dollar-and-cents ceiling prices are established for all sales of used cooking gas ranges. Controls cover "as-is" prices for sales to dealers and to consumers, and prices for reconditioned stoves; ceilings vary with types and condition of stoves. Reconditioned ranges must be guaranteed for 90 days. Dealers selling to consumers must tag each stove to indicate type, price, and condition. All used household cooking and space heating stoves that are not subject to the new specific ceilings are removed from coverage of General Maximum Price Regulation and brought under MPR 429. (Regulation 527; Amendment 3, Regulation 429.)

Summer Travel

Children traveling to and from summer camps will continue to feel transportation restrictions. No Pullman space will be allotted them, and extra day-coach service will be available only through special permission of the Office of Defense Transportation. Bus service must be approved by the Office of Community War Services. Because a high enrollment of war workers' children in day camps is expected, daily bus service for children under twelve will be provided to take children to and from camps if, among other conditions, attendance at camp means that parents may continue essential war jobs, and if other recreational facilities are lacking or are inadequate.

Rayon Hosiery

OPA permits chain stores that purchased more than 50% of their full-fashioned women's hosiery from wholesalers in each of the years 1941, 1942, and 1943 to sell rayon stockings at the ceiling prices established for independent retailers who buy from wholesalers. Since chain stores gen-



American Car & Foundry Co.
Chicago, Ill.

American Stove Co.
St. Louis, Mo.

Applied Optical Industries
Hamburg, N. Y.

Argo Lamp Co.
Philadelphia, Pa.

Clark Grave Vault Co.
Columbus, Ohio

Defender Photo Supply Co., Inc.
Rochester, N. Y.

Douglas Aircraft Co., Inc.
Santa Monica, Calif.

Elgin Machine Works
Elgin, Ill.

Flury & Crouch, Inc.
West Palm Beach, Fla.

The General Industries Co.
Elyria, Ohio

I. X. L. Machine Products, Inc.
Jacksonville, Fla.

Louis Marx & Co.
McMechen, W. Va.

Mataplast Corp.
New York, N. Y.

Serrick Corp.
Muncie, Ind.

W. A. Sheaffer Pen Co.
Fort Madison, Iowa

The Thomson Co., Inc.
Millen, Ga.

(Names of winners of the Army-Navy and Maritime Commission awards for excellence in production announced prior to this new list will be found in previous issues of Business Week.)

erally buy direct from the manufacturer, the ruling will affect only a limited number of the smaller chains. (Amendment 1, 2nd Revised Regulation 339.)

Trucks and Carriers

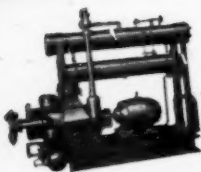
From Apr. 14 to July 31, charges for leasing trucks between over-the-road carriers under directives of the Office of Defense Transportation will be exempt from price control as a result of an OPA amended action. Prices of commodities will not be affected. (Amendment 46, Revised Supplementary Regulation 11.)

Tank-truck motor carriers and truckers performing pickup and delivery service for line-haul carriers (railroads, motor, and water carriers) may apply for adjustments in their rates under "hardship" provisions as well as under special "buyer-seller" provisions of the controlling regulation. (Amendment 116, Revised OPA Regulation 14.)

MRO for Seasonal Business

Clarifying the new policy on maintenance, repair, and operating supplies under the Controlled Materials Plan, WPB has announced that when the quota of a seasonal business

*Perishables are protected
over the convoy lanes
by
Chrysler Airtemp
"packaged"
marine refrigeration*



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15 H. P. "PACKAGED"
MARINE UNIT**

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Tune in Major Bowes Every Thursday, CBS, 9 p.m., E. W. T.

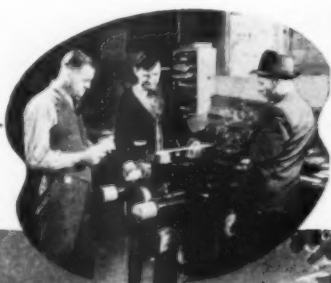
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increased by specific authorization for any one quarter, the increase is good for only the quarter specified and for the corresponding quarters of succeeding years. In cases where nonseasonal businesses are involved, when a quarterly quota is increased by specific authorization, the increase is good for all subsequent quarters. (Interpretation 12 CMP Regulation 5.)

Other Price Actions

A new primary grade of aluminum alloy ingot, No. 356, has been given a ceiling price of 15¢ per lb. by Amendment 4, OPA Regulation 2. . . . Mill ceiling prices for all standard grades of hardwood board lumber produced in northeastern United States and parts of eastern Canada are revised by Amendment 7, OPA Regulation 368, in line with the over-all increase authorized in February. . . . Order 13, Section 21 of the Maximum Import Price Regulation reduces prices paid to foreign sellers for natural menthol by as much as \$6 per lb. . . . Amendment 6, OPA Regulation 224 provides an increase of not more than 20¢ per barrel for manufacturers' and dealers' prices of certain cements sold in northeastern United States. . . . OPA has announced maximum prices to be set shortly on fresh and processed strawberries. . . . To continue production of low-priced brands of malted milk, OPA, through Amendment 44, Regulation 280, permits maximum prices to be raised under certain conditions. . . . Lake cargo coal sold in specified areas is given temporary price increases (until June 30) by Amendment 20, OPA Revised Regulation 122, to compensate for the increased cost of coal at the mines. . . . Dollar-and-cents prices at wholesale and retail have been established by OPA for 40,000 hand-wound portable phonographs, to be sold by the United States as surplus commodities under Order 33, Section 1499.3 of GMPR. . . . The provision allowing manufacturers of common brick to apply to OPA regional offices for individual price increases has been extended to allow manufacturers of unglazed face brick the same privilege by Amendment 31, Regulation 188.

Other Priority Actions

The use of naphtha as a motor fuel is prohibited by Petroleum Distribution Order 18, which also forbids the inclusion of any petroleum product used as motor fuel in 1942 by dealers or consumers in computing their quarterly quotas of naphtha. . . . WPB Order M-356, as amended, increases by 4% the amount of fine rayon yarn to be set aside for export orders, including those of Canadian Commodity Prices Stabilization Corp. . . . At the request of the War Food Administration, WPB has allowed, in Order M-241-a, as amended, sufficient tissue paper wrapping for the safe transportation of apples, pears, peaches, tomatoes, and lemons; any increase in paper use will be made up by cutting the total tonnage allotted for wrapping all fruits and vegetables. . . . "Pyronate," a new pyrolytic alcohol denaturant suitable for use in antifreeze compositions, has been placed under allocation for the first time by amending WPB Order M-340.



BUSINESS WEEK REPORTS TO EXECUTIVES:

INDUSTRY PLANS PENSIONS

Employee retirement takes a new place in management policy as postwar thinking is spurred by wartime personnel problems and finds incentives in wartime taxes and incomes. Schemes now flooding in for approval vary widely in benefits, in methods of financing, in coverage, and in advantages to sponsoring companies.

A tax law which seeks to encourage private pension systems, a period of high corporate incomes, and a growing management recognition of the need for systematic retirement of the superannuated have combined to launch a major trend.

• **Six Thousand Waiting**—An estimated 6,000 company-devised pension plans, providing retirement benefits for substantially more than a million industrial and commercial employees, are now awaiting approval for tax-exemption purposes by the Bureau of Internal Revenue. When, in the fullness of time, BIR gets around to putting its stamp of approval on these 6,000 programs, plus new ones which are being submitted all the time, one

of the most significant modern developments in personnel policy will be officially under way.

Practically all of the firms seeking tax privileges for their retirement programs have gone ahead with the programs' operation. They make it clear, however, that permanent establishment of such pension plans is contingent upon BIR's O.K.—forthcoming, as one patient pension consultant puts it, in anywhere from six months to Judgment Day.

• **Tax Incentives**—The tax law that figures so largely in the situation is the Revenue Act of 1942. Since the income tax was first imposed in 1913, pension plans had received favorable tax treatment. But the 1942 statute

liberalized the benefits extended and removed some of the uncertainties involved. It did this by setting up a procedure whereby each individual company plan can go before the Bureau of Internal Revenue for advance consideration of its eligibility for tax privileges.

The period of high corporate income has come with the war years which also brought the excess-profits tax and its well appreciated incentive to constructive spending. Employee benefit plans which had been on the executive's schedule for some tomorrow suddenly became feasible and economical for today.

• **Getting on Formal Basis**—The flood tide of new pension plans does not



With subsidized retirement in the fore of modern management planning, old age in industry loses another hazard.

BASIC PENSION PLANS IN ACTION

There are three basic types of pension plans. These are (1) group annuity, (2) trustee, and (3) individual policy trusts.

Group Annuities

The Vick Chemical Co. program—similar to pension systems covering employees of such representative firms as the Commercial Investment Trust Corp., Pan-American Petroleum & Transport Co., and Socony Vacuum Oil Co.—is an example of the group annuity type.

During the first three years of the plan's operation, the company contributes an amount equal to 5% of the first \$3,000 of the employee's annual base salary, plus 10% of the base salary over \$3,000 and up to \$15,000. Salary in excess of \$15,000 is not included. At the end of three years, the plan will become contributory, and employees who elect to continue as members will, through payroll deductions, pay 2½% of the first \$3,000 of annual base pay plus 5% of salary over \$3,000 and up to \$15,000. The company matches these payments.

With these funds the company has purchased from the Equitable Life Assurance Society group annuities. The exact amount of the pension payments cannot be fixed in advance because this is a money-purchase type plan; it depends on the earnings, age, and sex of each participant. Also under group annuity contracts (but not individual policies), insurance companies always incorporate a provision that, after five years, they can change the premium rate.

An employee retiring at 65 after 30 years of service who has a salary of \$200 per month will get an annual pension of \$1,042.80 under the Vick plan. Of this, \$466.80 will come from the company plan and \$576 from primary social security benefits.

Trusteed System

Schenley Distillers Corp.—in common with American Telephone & Telegraph, U. S. Steel, Bankers Trust, General Mills, Johns-Manville, and somewhere between 500 and 1,000 other firms—has a trustee pension system. Like many other companies, Schenley's pension plan is part of a rounded welfare program. Schenley foots the entire pension bill, but its group life insurance scheme with supplementary annuity and disability benefits is on a voluntary contributory base. This year

Schenley has put \$735,000 into the pension pot.

Retirement benefits have been calculated on a graduated scale of percentage of salary times number of years of service. To raise lower bracket retirement pay, Schenley adds an extra \$20 a month to benefits all along the line.

Under the plan, a Schenley employee who earns \$1,800 a year and who had, say, seven years of service before the program began will, if he remains with the company for 30 more years at no change in salary, receive \$1,231 per year in retirement pay. His total will be made up of \$495 from regular Schenley pension fund benefits, \$240 from the company's \$20-a-month equalization payments, and \$496 from social security.

Individual Policy Trusts

While individual policy pension trusts are particularly favored by small or medium-sized companies, such large firms as Chrysler, Corn Products Refining, Lockheed Aviation, and S. H. Kress Co. also use them. Between 1,000 and 2,000 of these plans are in force.

The Kress plan, which covers each employee who elects to join with an individual insurance company policy, operates through a trust agreement.

In operation since July 1, 1941, the plan is applicable to any employee earning from \$2,000 to \$15,000 a year who has completed ten years of service with the company. The retirement age for men is 65, for women 60, although earlier or later retirements can be arranged. No employee over 55 is eligible to come into the plan.

Each participant will receive an annual pension equal to 35% of annual earnings on which premiums have been paid, exclusive of social security. The costs are borne equally by the company and the employee, varying from approximately 3.5% of the annual earnings of a 28-year-old employee to 6% of the compensation of a 38-year-old. For example, a 55-year-old employee earning \$12,000 a year will pay into the fund \$60 a month, while a 28-year-old earning \$1,200 would pay only \$3.51.

Deferred Profit-Sharing

Pension plans financed by profit sharing are varied and flexible. In essence they are benefit systems funded through

paying a certain percentage of company profits into a regularly established program for the benefit of employees. The amount of profit shared this way may be determined at the employer's discretion as a fixed percentage. Distribution of benefits is delayed until the lapse of a fixed number of years, attainment of a stated age, illness, disability, death, or severance of employment.

Fewer in number than pension plans financed by other methods, profit-sharing programs are receiving increased attention because of the latitude they permit employers in making financial contributions. This has come to balance, if not actually outweigh, the disadvantage they have of not being able to assure employees a precise retirement-pay figure.

The Sears, Roebuck & Co. plan is an example of profit sharing in the form of stock bonus distribution. It has been operating for 28 years to the apparent satisfaction of management and some 50,000 Sears employees who participate.

Since July 1, 1916, when it went into operation, the company has contributed \$52,845,300 to the pension fund. This year the company's contribution will be \$7,667,697. Employees have put in \$36,817,300, and dividends and other earnings of the fund account for an additional \$32,522,800, to make a total of \$122,185,400. Withdrawals have amounted to \$58,542,000.

Employee participation, amounting to 5% of salary, is voluntary with a ceiling of \$250 a year on employee contributions—ostensibly to prevent discrimination in favor of higher paid employees. The company contributes 5% of its combined net profit before tax deductions. The money paid into the fund has been invested in Sears, Roebuck stock and now the pension fund owns 13½% of all Sears shares outstanding.

Benefits are paid in accordance with a group classification, depending on the number of years of service. For instance, an employee who has been with the company 15 or more years and is over 50 years of age will receive four times the amount paid to an employee with less than five years of continuous service. The employee may at any time withdraw the funds which he himself has contributed. If he chooses to leave them in until he retires, the amount accumulated is paid out to him as pension benefits along with the company's contribution and a share of the fund's earnings.

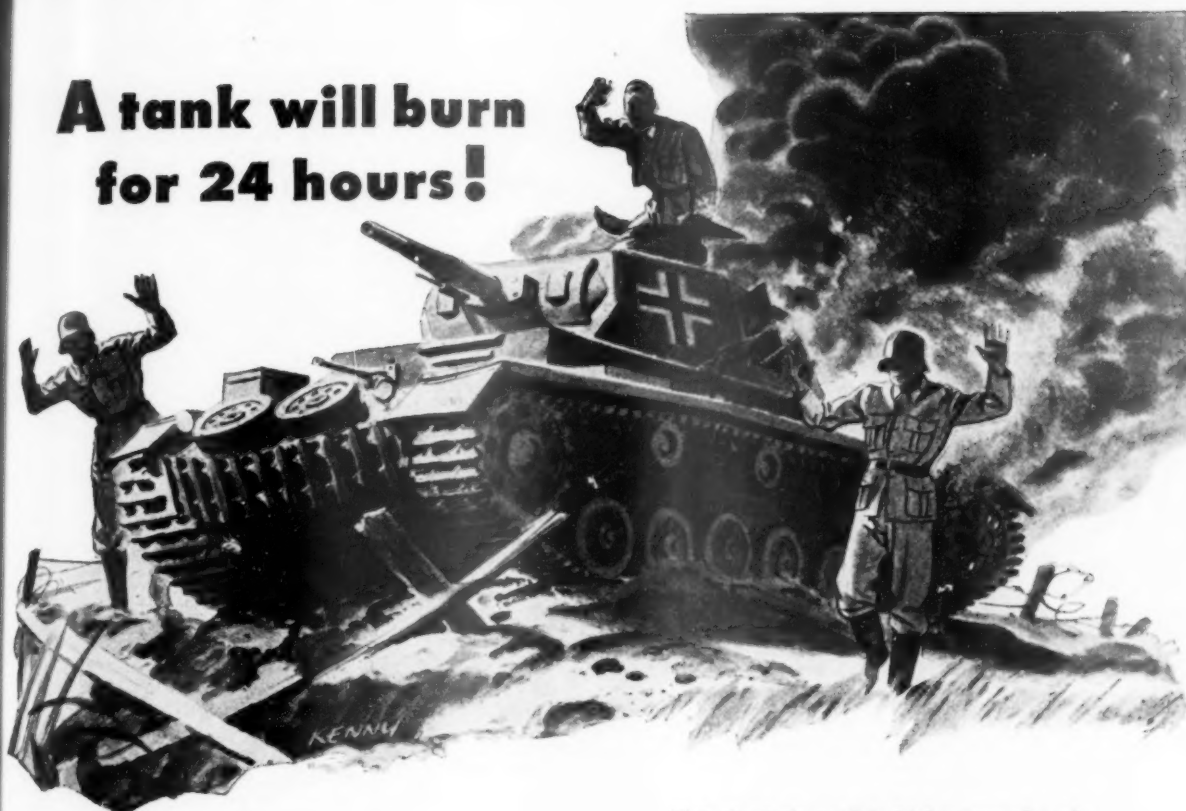
signalize a new managerial philosophy. Every important firm in the country has long had some way of taking care of its aged employees who have spent a lifetime working for it. What is new is the virtual stampede to put these often informal schemes on a soundly financed,

actuarial, long-run, stable basis. Often they are coordinated with medical, disability, and life insurance programs.

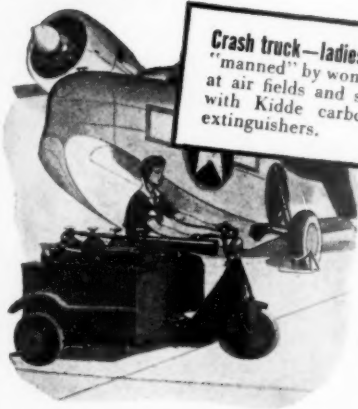
Almost every day now, some major company announces a new pension plan. The long list of names behind plans made public very recently includes such

representative firms as Abraham & Straus, Inc., American Viscose Corp., J. S. Bache & Co., Columbia Gas & Electric Corp., Glenn L. Martin Co., Minneapolis-Honeywell Regulator Co., Peoples Pittsburgh Trust Co., RKO Corp., Rohm & Haas Co., Schenley

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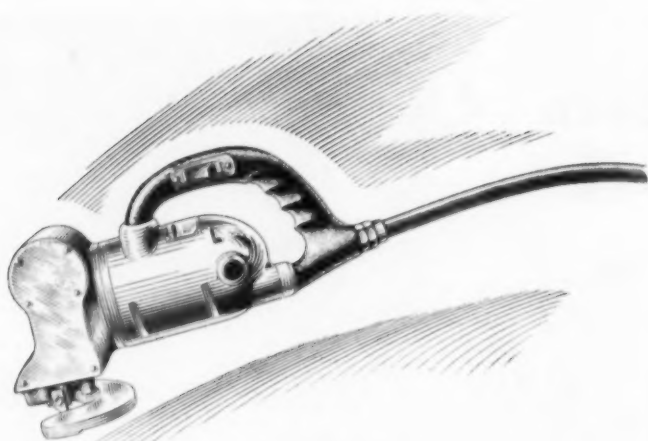
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• **Enter, Social Security**—Passage of the Social Security Act in 1935, that turning point in national social thinking, was also a landmark in private pension planning. It made possible the establishment of modest systems of benefits which, in conjunction with social security payments, provided reasonable retirement funds without too burdensome an outlay of money. The financial inducement for ploughing back excess profits into employee pension programs, written into the 1942 Revenue Act, carried industry's interest in this type of employee welfare a long step further.

The personnel problems of the war years have contributed to this interest. Under wage and salary stabilization rules, payroll boosts are limited, must conform to blanket regulations. The pension can be used as an extra-compensation device to hold veteran employees in the face of other job opportunities and can be consequential in attracting new personnel.

Retiring the over-aged who have been held in the labor market because of the manpower shortage will be an acute problem for the individual firm and for industry as a whole once the war ends. Personnel will have to be shaken down for competitive reasons as well as to make room for returning soldiers. Some firms have turned to pension plans as contributing to a solution.

• **Basic Decisions**—Once an employer decides that he wants to adopt a retirement plan he faces an almost infinite number of choices. He can effectively simplify his problem by making a series of basic decisions.

The first, and the one from which all others will of course flow, is a decision on what he wants his pension program to do.

Does he want to provide retirement benefits for all of his employees, or only for those making more than \$3,000 a year whose above-\$3,000 earnings are not counted under federal social security?

Does he want the retirement age to be fixed or flexible?

What level of retirement compensation does he want or, inversely, how much is he prepared to spend?

Does he want the program to be financed by joint employer-employee contributions?

Is the income of his enterprise sufficiently stable to allow for regular, flat commitments, or does he want to build a pension fund out of profits and keep his contributions highly elastic?

• **Canned Programs Dangerous**—All of these questions can be answered in

REPORT TO EXECUTIVES

different ways as can a host of others which present themselves for consideration before the details of a plan can be filled in. Broad policies are, certainly, for high executive decision, but the job of blueprinting ways and means has often been turned over to outside experts—a tendency which has been responsible for the development of a new business—pension-planning consultation.

For the firm which adopts a canned program is courting trouble. Students of pension planning agree on few things beyond the fact that each company presents a different problem because the factors which must be considered show up in differing relationships. A given method of financing, for example, may prove as good as another for the individual company, but the over-all program has to be tailor-made to assure its fitness for each company's unique needs.

• **Help for Pension Planners**—A natural tendency for the firm considering pension planning, and thinking of it as a financial or insurance problem, is to turn to a bank or an insurance company for assistance. In most cases, either is equipped to provide at least preliminary assistance in blocking out a retirement system. However, the firm must make its own decision on how its pension needs can best be met: whether by the group annuities or individual policies that the insurance company has to sell, or by the bank's offer of administrative service under a trustee program, or in some other way.

Bank or insurance company representatives, usually with special training in pension problems, will, when called in, begin by discussing general pension theory so that the client gets a background in the subject. Such representatives will stand by to help make the first decision: How much shall the firm spend and how many of its employees shall be covered?

Once this is determined, the insurance company will make an actuarial survey of the firm's employees; the bank will recommend outside actuaries to do this job.

• **Selecting a Plan**—The next step—in which the insurance company or bank representative, and the firm's attorneys together participate—is tentatively selecting a plan and drawing it up. It must then be checked and rechecked (by all those responsible) until a final draft, ready for submission to the stockholders, employees, and Bureau of Internal Revenue, is prepared.

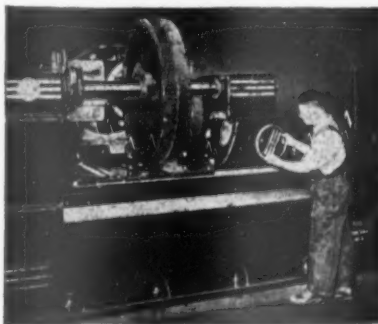
If a final determination of a plan provides no role for an insurance company, the insurance representative will

IN THE NEWS

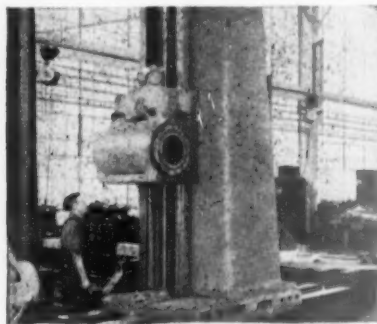
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bow out, in most cases making no charge for his services. If a banker has been used to advise and the ultimate scheme is not trusted, the bank bows out, usually asking no fee for services. When an insurance company is to have a part in an established program, regular policy commissions cover its charges. A bank will administer the pension trust for an annual fee which is a fraction of 1% of the principal.

• **Four Broad Choices**—In the main, pension plans fall into four general classifications, depending on the way they are financed. They are: (1) the group annuity type; (2) the trustee plan; (3) the individual policy trust program; and (4) some combination of these three basic forms.

Under a group annuity system, an insurance company enters into a master contract with the employer and provides employees (a minimum of 50 persons, and at least 75% of the eligibles) with group pension coverage based on their earnings, age, and sex.

Under the trustee plan (sometimes called self-administered), an employer

creates an irrevocable trust and the trustees invest the accumulated funds in securities. The employee looks to the trust for his benefits, rather than to an insurance company. U. S. government bonds are the commonest investment today.

The individual policy trust program is similar to the trustee plan except that in this instance, the trustee is instructed to invest the accumulated money with an insurance company in individual insurance policies. These policies on the life of each participant are of exactly the same type as the employee would buy as an individual from the insurance company, but they are owned and held by the trustee as long as the employee remains in the service of the company.

• **Combination Systems**—There are many combination forms which weave suitable features of each of these types into a general employee benefit plan. For example, there might be a combination of trustee (self-administered) and individual policies, under which the trustee would invest part of the funds

received in securities and part in life insurance company policies.

Common also are the stock bonus or profit-sharing plans, which are sometimes designed to pay benefits in the form of retirement income. Under these schemes, a firm puts a certain amount of its profits into a fund (perhaps for the purchase of the company's common stock), and this money and its earnings are paid out to the employees in accordance with a plan which has been duly announced.

• **When to Retire**—There are no hard and fast rules on retirement ages, the rates of payment, or the amount of benefits. The usual age for retirement is 65 (at which the Metropolitan Life Insurance Co.'s mortality tables give males a life expectancy of 12.13 years, females 13.71), although women are sometimes retired at 60. Some arrangements permit earlier retirement if the company thinks it advisable, or if the individual wishes—but at a reduced level of benefits. Conversely, if the company so desires and the individual agrees, the employee may be kept on the active



Industry, heavy with over-aged workers held to their jobs to ease the manpower shortage, is turning to varied pension plans to soften an expected forced wholesale retirement—a move to be dictated by postwar competition and returning veterans. But important in the inauguration of such pension programs is selling the idea to workers. The step-by-step indoctrination policy employed by Schenley Distillers Corp. is typical. Details are first explained to key men (left) who transmit the information to rank-and-file employees (below, left), then sign them up (right).





Raised to a new level of security on the flood of new pension plans are industrial grandmothers. Their welfare has been generally a public charge.

list for additional years without increasing his pension equities.

• **Determining Benefits**—The prevailing idea on extent of benefits favors a level which will provide the retired employee from one-quarter to one-half of his average earnings, either exclusive or inclusive of social security. Frequently used methods of determining benefits are:

(1) To use a percentage of each year's compensation, such as 1%, 1½%, or 2%, times years of service (1½% times 35 years would provide a pension of 52½% of compensation). This, the most common method employed, is known as the definite benefit formula, under the "percent-times-years-of-service type."

(2) To use a flat percentage of individual compensation, such as 30%, with a minimum service requirement—for example, 15 years. This is the definite benefit formula under the "flat percentage type."

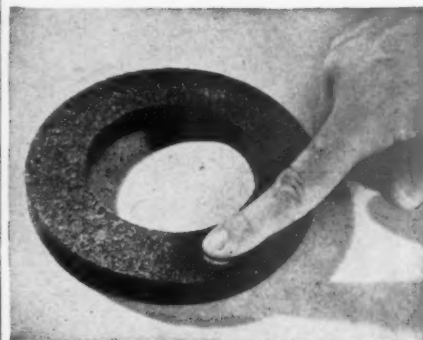
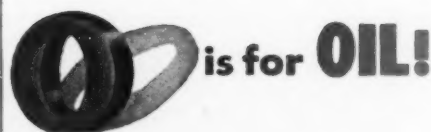
(3) To base the payments on a fixed percentage of the employer's payroll (perhaps 5%) for each year the plan is in operation. The employer knows how much he will contribute each year for that year, but employees cannot count on a definite pension payment because of fluctuations in contribution and interest. Whatever funds are accumulated are used to finance benefits dependent on the earnings, age, and sex of

the participant. This is known as the "money purchase" formula.

Either (1) or (2) may be based on average compensation throughout the entire period of membership in the plan or on the salary level at the time of retirement, and any of the three may be noncontributory (paid entirely by employer) or contributory (including employee payments). Because the definite benefit plans permit exact calculation of benefit payment expectancy, they are among the most popular.

• **More Noncontributory Plans**—The more recently devised plans tend to provide more generous financial benefits to employees than those established in the past decade and many of the new ones are noncontributory. Many employers feel it impolitic to ask employees to pay additional cash now. From about 1931 until the war, most of the plans which had been adopted were on a contributory basis, employers believing that benefits would be more highly prized if the individual made a direct contribution.

In an effort to realize the advantages of both contributory and noncontributory systems, some schemes combine the two. For instance, the Vick Chemical Co. plan, set up in June, 1943, provides that, during the first three years of operation, the company pays the entire cost, but after June, 1946, employ-



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REPORT TO EXECUTIVES

ees who elect to continue as members will be asked to put in a percentage of their salary in equal proportion to the company's outlay.

• **Plans That Went Wrong**—Corporate reorganization, or discontinuance of business, accounted in part, at least, for 238 pension plans going out of operation up to 1938. But a major reason for such discontinuance of plans was the fact that many of them were self-administered and were not established on a sound actuarial basis. The Social Security Board knows of 44 group annuity plans that were canceled from 1935 to 1942 and estimates this was about 4% of the number in force at the end of the period. In 1939 the Senate Finance Committee reported that there were 415 pension plans in operation.

• **Tied to Social Security**—On the whole, pension plans are now coordinated with social security benefits. Taking account of the social security payments on incomes up to \$3,000, employers either can add amounts to bring retirement incomes up to a higher level, or, if they consider the benefits paid under the law to be adequate in that scale, can start their own plans to provide payments to employees earning over \$3,000.

Social Security Board officials state plainly that they welcome the increased employer interest in private plans be-



Retirement, when pensions ease the transition from work to leisure, is often the occasion for ceremonies which employers use to build morale and company loyalty. At Kansas City Power & Light, G. T. Shoemaker, vice-president, looks on as Roger Frisby (right), retiring electrical engineer, thanks his successor, C. B. Kelley, for a collective gift of fishing tackle.

because they feel that current government payments provide only a minimum retirement income, in most cases inadequate for the individual's needs. The minimum social security retirement provision is \$10 a month; the most any single person is eligible for, after 40 years of coverage, at a monthly wage of \$250, is about \$56 a month.

While approximately 6,000 pension proposals are piled up in the Commissioner of Internal Revenue's office awaiting approval, statistics on new plans are haphazard. Until they are checked by RIR for acceptability, they cannot be classified and analyzed. Insurance men and other experts in the field generally recommend the job the commissioner is trying to do. He has no automatic yardstick of approval. Consequently, he must use his own judgment in the final analysis, or, as one insurance man puts it, he must rely on a "smell test."

Exemption Requirements—To qualify for tax exemption, a plan must meet the following broad tests:

(1) The trust must form part of a pension, stock bonus or profit-sharing plan of an employer for the exclusive benefit of his employees or their beneficiaries.

(2) Contributions, whether by the employer alone or by both employer and employee, must accrue to the sole benefit of the employees or their beneficiaries, in accordance with a publicly stated plan. The trust instrument must make it impossible for the employer to recoup either directly or indirectly unless all liabilities under the trust to the employees and their beneficiaries have been met in full.

(3) Coverage, contributions, and benefits must be free from discrimination in favor of officers, shareholders, highly compensated employees, or employees whose duties are principally of a supervisory nature.

Favoritism?—The yardstick of non-discrimination cannot be rigidly or precisely defined. In spite of the emphasis on nondiscrimination in the letter and spirit of the law, plans may still slip through the net which give specially favorable pension benefits to top executives.

Loopholes and Exceptions—Treasury officials admit privately that there are loopholes in the law "big enough for a truck to go through." A fat volume of regulations (T. D. No. 5278) was issued in July, 1943, in an attempt to correct this by clarifying the statute and giving aid to persons seeking to understand the rules and comply with them.

In writing the 1942 tax law, Congress had no illusions as to its ability to assure its idea of perfect equality of treat-

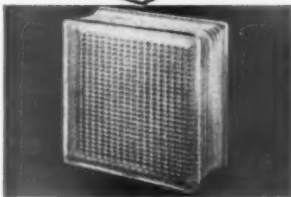
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For Pension Tax Benefits: No Discrimination

Congress found "nondiscrimination" a tough concept to write into law when it provided tax benefits for pension plans, but wanted to assure against upper-bracket favoritism. It did, however, devise one objective criterion which, along with the provision authorizing the Bureau of Internal Revenue to examine all plans, makes a basic yardstick for measuring pension programs against the government idea of what's fair.

• **No Disproportion**—This yardstick in effect requires that pension benefits—private plus those obtained under federal social security—be no larger a proportion of salary for higher-paid employees than for lower-paid workers. (Primary social security benefits vary directly with salary; supplementary benefits vary with dependents; so the law assumes total social security pensions to be 150% of primary benefits.)

This requirement is illustrated in the chart below, showing pension payments as a percent of salary at different income levels for employees who have worked 40 years in covered employment and so are entitled to maximum social security payments. The solid, curved line shows these benefits at retirement as a percentage of monthly salary earned. Thus, the social security pension for a \$100-a-month employee is about 50% of salary; \$400 a month, 20%.

• **Private Pension**—When a firm adds its own pension to social security allowances, the pension ceiling for tax credits depends on how low on the income scale the plan begins.

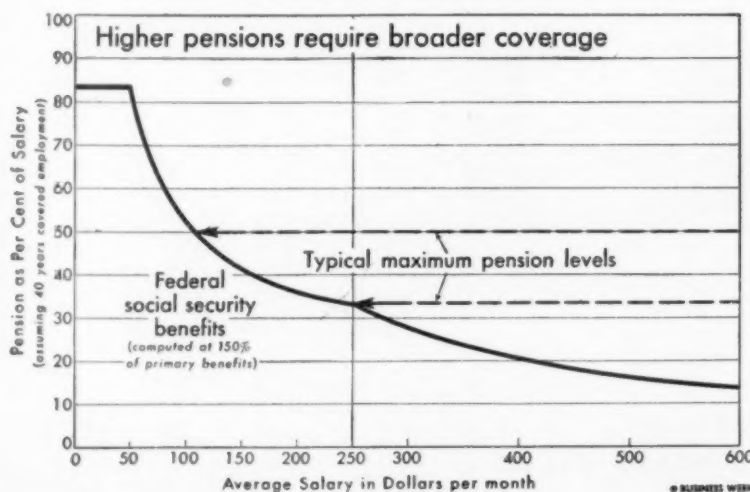
If, for example, the private plan's coverage begins with \$250-a-month employees, the plan may not provide higher-paid employees with a total retirement income (federal plus private benefits) of more than 34% of regular salaries—because 34% is the minimum proportion for employees of 40 years' seniority earning less than \$250 (lower broken line in chart).

• **For Greater Benefits**—If a company wants to provide its higher-paid employees with a 50% pension (federal plus private benefits), it must start covering all workers who earn as little as \$100 a month with private benefits, paying enough to bring total pensions up to 50% of salary (upper broken line in chart).

A pension plan that provides a total annuity that is smaller, percentage-wise, in the upper salary brackets than in the lower is permissible. Thus, tax benefits can accrue to a program that starts with \$250-a-month employees and pays each higher bracket a smaller and smaller percentage of salary—say, 30% for the \$300 income group, 25% for the \$400, 20% for the \$600.

• **Plans May Vary**—Also acceptable is a system which would, for example, pay all those earning over \$300 a month a private benefit which, added to social security, would come out to a flat 30%.

Private pension plans can, in short, vary markedly in detail, but to be eligible for tax advantages they must not, when added to federal old-age allowances, pay higher proportions of salary to upper-income groups.



ment—whatever that may have been—in pension plans. It was taken for granted that this was an impossible ideal. Therefore, the legislators legitimized three types of "discrimination."

• **Limited Coverage Allowed**—They provided that a plan could still qualify for tax benefits if it (1) was limited to salaried employees, (2) was confined to clerical employees, or (3) excluded employees earning \$3,000 a year or less who were covered by federal social security. The basic question that Internal Revenue must apply is: Do such exclusions discriminate in favor of the higher-bracket employees or shareholders? If they do not, then, in outline at least, such a plan is acceptable.

Further permissible limitations—provided the plan as a whole qualifies—are: (1) exclusion of employees with insufficient years of service (for example, employees may have to have had five years of continuous service with the company before they come under the plan); and (2) exclusion of workers not customarily employed for more than 20 hours in any one week, or more than five months in any calendar year.

After the elimination of these categories, coverage must include benefits to at least 70% of the remainder, or at least 70% of the rest must be eligible to participate and at least 80% of the eligibles must elect to take part.

• **How Taxes Apply**—Under the present rates of excess profits and income taxes, the deductibility of employers' contributions in the year when they are made reduces the net cost to a minimum, provided the plan qualifies. Furthermore, an employee's taxability on the amounts contributed by the company is deferred until the benefits are distributed. If the employee makes contributions via payroll deductions, these contributions are taxable as part of his then regular compensation, but on distribution he recovers his own contributions income-tax-free and only pays a tax on the amounts resulting from the employer's contributions plus the compound interest which both contributions have earned—presumably paying at lower rates because of reduced income.

As an example of the cost to an employer, a corporation in the 80% tax bracket, sinking \$100,000 into a pension plan, would make a net outlay of \$20,000. Marshall Field & Co., in announcing the establishment of a pension plan as of November, 1943, said that the company would pay about \$1,950,000 annually for eleven years but estimated that the net cost to the company in 1943 would be about \$370,000.

• **Economic Advantages**—There are four basic economic advantages to employers

Please send
me yesterday's
hungry speech

What is a "hungry" speech? Or when is a speech hungry?

A stickler for NBC's Information Department, interpreting and answering this youngster's letter.

Did he mean a news broadcast about a famine in India or China—or was this "juvenile jive," meaning he considered some speech "strictly from hunger"?

NEITHER. "Information" searched the files and found he wanted a speech about conditions in wartime Hungary.

Whatever his reason may have been in asking, "Information" answered this letter as faithfully as it answers the 100,000 other inquiries a year from college professors, housewives,

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Yes, everyone who writes to NBC gets an answer—whether his question is about broadcasting, Babe Ruth or battleships.

Why does NBC go to all this trouble? Because it builds good will—and the public's good will—*your* good will—is the greatest of all NBC's assets.

Granted, letterwriting is not a rapid way to reach masses of people. But NBC painstakingly handles such "little things" because they add up to making the "big things" more effective.

* * *

This faithful attention to details helps NBC retain its leadership, helps make NBC "the Network Most People Listen to Most."

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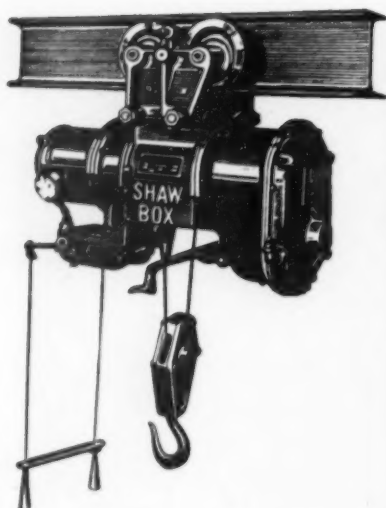
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No hint of doubt

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They have the strength of design, materials and workmanship for capacity work, and special features which are not found in their entirety in any other hoists. Consider these:

1. "One-point" lubrication.
2. Roller bearings and ball bearing motor.
3. Safety upper stop; lower blocks, sure brakes.
4. Two-gear reduction drive; sealed against oil leaks; steel interchangeable suspension.

Seven days a week, round-the-clock lifting of near capacity loads is normal for Load Lifter Hoists in many industries. Send us details of the lifting work to be done and we will recommend the type of Load Lifter you need.

'Load Lifter' electric hoists are built with lifting capacities of 500 lbs. to 40,000 lbs. in all combinations required for industrial necessities. Adaptable to almost every working condition within their capacities. Send for Catalog 215.



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and employees in a qualified pension plan. These are:

- (1) The fund is exempt from income tax on its investments.
- (2) The employee is not taxed on the amount the employer set aside to his credit until the money is distributed in benefits.
- (3) Pensions do not constitute salary or wage payments for purposes of salary and wage stabilization rules.
- (4) The employer's contributions are deductible from taxable income within the limitations prescribed by his tax bracket.

• **Cancellation Rules**—If the trust is deemed by the Bureau of Internal Revenue to be organized and operated in good faith and not to have been set up as a temporary instrument for tax avoidance, there is no objection to a discontinuance of a plan at any time. But the commissioner specifically reserves the right to determine whether true "business necessity" caused the plan to terminate. Otherwise, he may attempt to reopen the tax returns and assess the taxpayer for his prior deductions, on the ground that the plan from its beginning was not what it purported to be. Also, the employer must take into consideration the effect such a cancellation might have on the morale of his employees.

The other government agency which sometimes concerns itself with pension plans is the Securities & Exchange Commission. Its jurisdiction is under review, but apparently a plan does not have to be registered with SEC if (1) funds are invested only in exempt securities, or (2) there are no employee contributions, or (3) membership in the plan is compulsory.

• **Labor's Attitude**—In the past, organized labor has been in opposition to the establishment of private pension plans, on the standard union theory that worker welfare is the concern of labor organizations. Indeed, some A.F.L. affiliates pride themselves on the benefit plans they have for their members. The traditional labor argument contends that employers should put all of their "welfare payments" into higher wages. Charges that retirement and death benefit plans established by employers are paternalistic devices to hold labor to less advantageous jobs are old favorites in union oratory.

What remains of these sentiments, however, is largely vestigial. To be sure, the A.F.L. has never publicly repudiated the old line, but there is no longer any really serious opposition to private pension plans, even in the federation. A number of C.I.O. organizations have gone so far as to present employers

with demands for the establishment of retirement systems.

• **Guaranteeing Equities**—A truer picture of organized labor's attitude toward pension plans will come from ignoring the time-worn slogans and realizing that a union's real interest now is in making a plan guarantee employees' equities. And in this it has the support of BIR.

The Revenue Bureau is not approving plans where it is possible for the employee to lose his contributions, even if he quits his employment before retirement age. But the return of the company's contribution when an employee quits remains a matter for each employer to decide. The current vogue, dictated in large part by manpower considerations, is to tell employees that all their credits—or at least a graduated percentage based on years of service—are irrevocably theirs.

• **By Collective Bargaining**—However, most employers feel that stabilization of the working force is one of the advantages they should get from their investment and that, if a worker is eligible to receive a lump sum on leaving his job, he might quit just to get the money.

An interesting union venture into making pensions the subject of collective bargaining is the industry-wide benefit system just set up in A.F.L.'s International Ladies Garment Workers Union. Through negotiations I.L.G.W.U. has established an old-age retirement scheme covering 30,000 cloakmakers in New York, which is paid for by employers on a percentage-of-total-payroll basis. A trust has been established as of January of this year, composed of employer, union, and public members, which will pay out to superannuated union members an average of \$600 a year, starting in 1946.

According to the union, employers like this kind of industry-wide scheme because it helps to stabilize employment. Employers say that they want to see it work for a while before commenting.

REPRINTS AVAILABLE

Copies of this report, "Industry Plans Pensions," will be available in reprint form. Single copies will be mailed to Business Week readers upon request without charge. Additional copies will be billed at the rate of 20¢ apiece. On orders of eleven or more, quantity prices will be quoted. Orders should be addressed to: Willard Chevalier, Publisher, Business Week, 330 West 42nd Street, New York 18, N. Y.

Must American Business suffer a

"NERVOUS BREAKDOWN"

... BECAUSE OF THE PAPER SHORTAGE

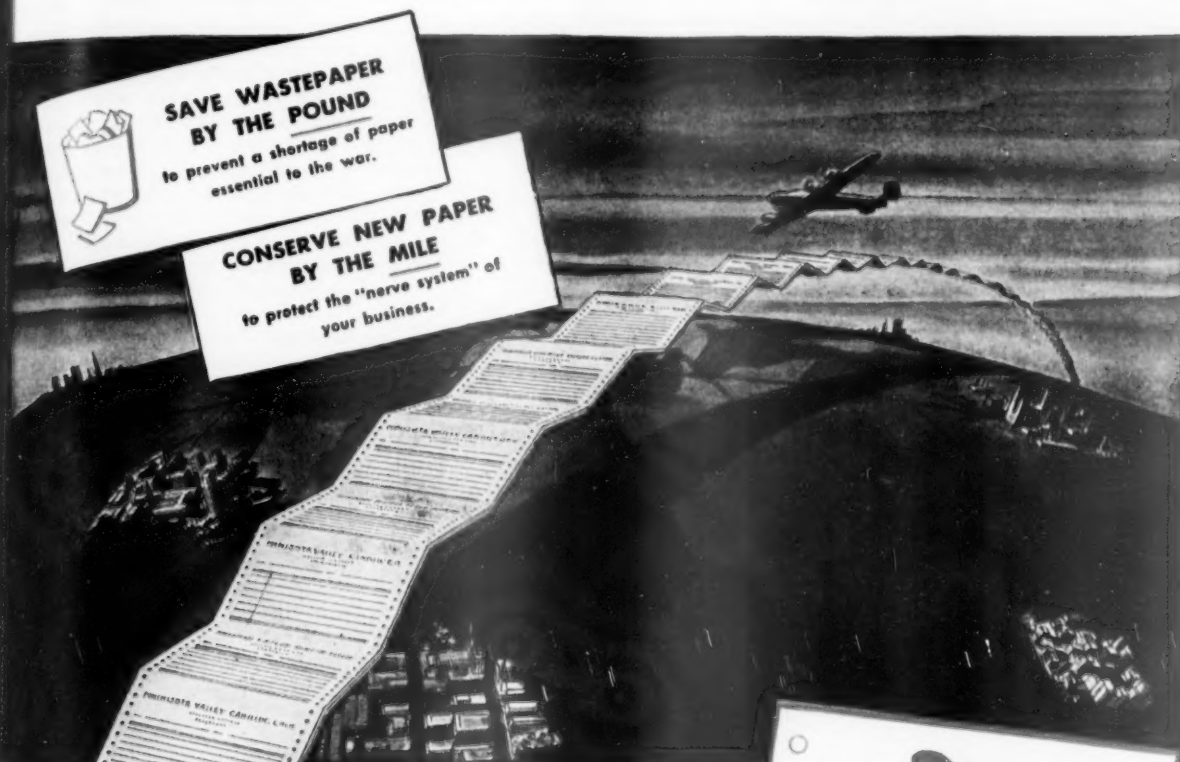


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system that speeds war
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IT'S hard to think of a setback in this war more disastrous than that which could be caused by the collapse of the nerve system of American business. For a breakdown in vital written records and control systems would mean a breakdown all along the line in *production, transportation and communications.*

And make no mistake about it. That's what American business—your business—is facing, right now, because of the critical paper shortage. What can be done about it? For one thing paperwork must be made as efficient as plant production. Less paper must do *more work.* Accounting and control systems must be redesigned to eliminate waste and duplication—to save, not only pounds, and *miles* of paper but time and man power as well.

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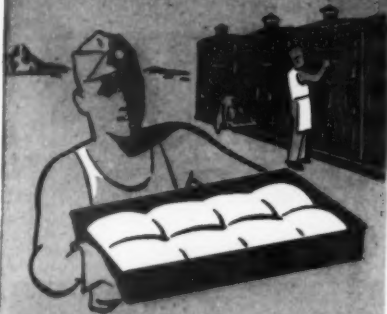
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OUT behind the lines, on hundreds of fronts, Uncle Sam's field-kitchens are working at top capacity to serve up the "chow" that makes our Army the best-fed army in the history of the world. In many of these kitchens, York Heat is supplying the heat to bake the bread and stew the stew.

Fortunately for York, conversion to war did not mean an end to York Heat for the duration. Just as we helped to make living more comfortable for thousands of homes before the war, we are now applying renewed energy to bring comfort and cleanliness to the men and women in our great Army and Navy.

A new kind of York Heat has been developed to meet these needs. While it can't be made available for home-heating right now, it is something worth thinking about for the future. It is going to provide a new kind of heating performance that translates itself into new economy and new comfort.

Each Bond you tuck away helps to hasten the day.

YORK HEAT

Division of
YORK-SHIPLEY, INC.
York, Pa.

FINANCE (THE MARKETS—PAGE 122)

Variety Pays Off

General Finance Corp. of Chicago turns to manufacturing, boosts industrial loans. Profit is found in diversification.

The annual report of the General Finance Corp. of Chicago last week revealed the variety of methods this consumer goods financing company has employed successfully to keep its capital busy during wartime. With few automobile sales to finance, General has turned to tank parts, valves, and instrument manufacturing—and even to office building operation.

• **Followed a Trend**—Like others in the commercial banking field, General has developed aggressively its previously small industrial financing business; it has increased its volume of loans on accounts receivables, commodities, warehouse receipts, machinery, and equipment. In this, it has followed the trend of two dominating factors in instalment financing, Commercial Credit Co. and Commercial Investment Trust, which began quite early to fan out their operating scope (BW—Jun. 5 '43, p105).

• **Bold Program**—But General Finance has adopted a bold program in keeping its capital and credit lines at work productively. In the summer of 1942, it acquired the Climax Engineering Co. of Clinton, Iowa, a combustion engine manufacturer specializing in oil drilling and pumping equipment. Climax now is making tank parts and generators, as well as its regular engines, on a three-shift, six-day schedule for the Army. Last year its sales totaled \$10,000,000.

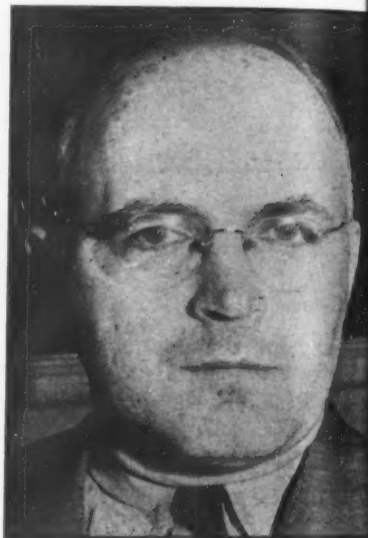
To obtain additional diversification, General purchased early in 1943 all the capital stock of the Bi-Metallic Products Corp. of Chicago, a small concern engaged in converting noncritical materials into a metal with the characteristics of tool steel and used for fabricating hand tools.

• **Another Purchase**—General Finance continued its expansion last year by acquiring its third manufacturing subsidiary, the McAlear Manufacturing Co., also of Chicago, a prominent supplier of war goods. Developed over a 30-year period, its line includes over 500 precision control instruments, valves, regulators, and other equipment used on ships, for chemical and power plants, and for the processing of butadiene and styrene.

While expanding the manufacturing field, the company didn't overlook opportunities in its normal area. Last year General Finance also purchased all the capital stock of the Accounts Finance Corp. and a controlling interest in the LaSalle Industrial Finance Corp., two Chicago concerns which had found that small industrial financing was profitable.

• **Concentration Is Limited**—With the broader base, General reported that in 1943 its loans of this type were distributed over 40 different industries—not more than 15% concentration in any one field—and that they reached total of some \$46,000,000, about three times the amount in 1942. General automobile financing shrank from \$54,000,000 in 1941 to \$6,700,000 last year. Its automobile insurance subsidiary experienced a similar drop in premium income, and reported loans of only \$32,000 compared with \$1,900,000 two years before.

But the management's diversification



SUCCEEDING HIS BOSS

Joseph J. O'Connell, Jr., is nominee for general counsel of the U. S. Treasury Dept. to succeed Randolph E. Paul who retired to private law practice a month ago. With tax levels pretty well frozen by Congress, the new legal chief should find the going easier than Paul whose specific job was getting them as high as possible. O'Connell, who is 39, served under Paul as one of his six assistants.

program has been more than sufficient to offset losses. In the fiscal year ended Nov. 30, 1943, the company reported a consolidated business volume in excess of \$64,500,000, the largest gross in its history. And despite federal taxes of \$690,000 and a \$435,000 renegotiation reserve for its manufacturing subsidiaries, General showed net earnings of over \$650,000, compared with \$726,000 in 1941, \$403,000 in 1940, and \$339,000 in 1939.

• **Postwar Outlook**—Stockholders were told that the manufacturing units would face few reconversion problems at war's end, and that steps are being taken to prepare for postwar resumption of normal business activity. The expansion is continuing even now. One of the subsidiaries, McAlear, last month purchased Hanlon-Waters, Inc., a Southwest valve concern.

• **An Inflation Hedge**—Quite a contrasting investment was announced by the parent company. The management announced that it has acquired during 1943 what it considers an effective hedge against inflation (as well as a future home for the parent and subsidiary companies) by its purchase, for an initial cash investment of only \$141,000, of stock control of the 20 Wacker Drive Corp., which owns the 42-story Civic Opera Bldg. in Chicago. This corporation recently was merged with the La Salle Industrial Finance Corp., of which General Finance gained control during the year.

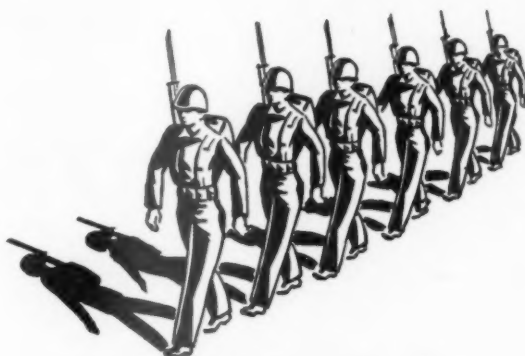
There seems little possibility of General Finance's being saddled with the eventual responsibility for taking care of the building's \$10,000,000 mortgage debt since the Company has the option of turning back the property to its former owners before the big mortgage falls due in five years.

• **A New Name**—An indication of the future trend of General Finance was given when the stockholders approved a change in name to General Industries Corp. Later it was found that another company had a prior lien on this name, but it is likely that General won't have much difficulty in finding another which will describe its new activities as accurately.

STOCKHOLDER SUITS CURBED

Denouncing the "veritable racket of baseless suits" which stockholders bring against corporation directors and officers, New York's Gov. Thomas E. Dewey last week signed two bills recently passed by the state legislature (BW-Mar.25 '44,p.84).

The first incorporates into the New York state corporation statutes the rule that has long obtained in the federal courts and under which a stockholder's

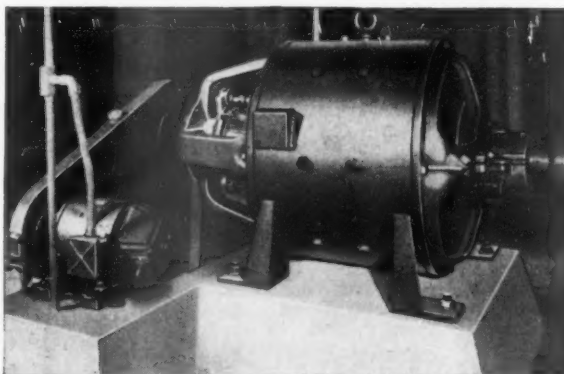


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which lie **beyond these ports**



Byond the ports of San Francisco and Los Angeles lie what may become the world's largest post-war markets. If you have an eye on these markets...or on the rich, concentrated market of California, Bank of America can offer you a unique service.

This bank has branches in more than 300 California cities and towns, and its facilities are available to bankers and other executives interested in business development and reconstruction. Inquiries are invited.

CAPITAL FUNDS . \$ 166,384,994.51
DEPOSITS . . . 3,498,153,209.87
RESOURCES . . . 3,697,912,674.78
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suit can be brought only by those who actually were stockholders at the time of the action on which the complaint is based.

The second provides also that no stockholder's action can be brought, unless the plaintiffs own at least 5% of the corporation's outstanding stock or holdings with a value in excess of \$50,000, without putting up security for reasonable expenses, including attorney fees which may be incurred in the defense of the action.

And How It Grew

Flemington, N. J., does a thriving business in corporation mailing addresses, enough to cut local tax rate to 43¢ per \$100.

Flemington, N. J., has a population of slightly more than 2,600, less than 2% of that of Wilmington, Del., the traditional "legal home" of American corporations. But in the past five years, Flemington hasn't been doing at all badly in its pursuit of a career shaped along the lines that have given Wilmington so much fame.

● **Gained Almost 50%**—So fast has the town come along lately because of taxes that 190 corporations (including some big ones) now have home mailing addresses in Flemington, compared with but 130 a year ago. Also, the number of annual stockholder meetings scheduled to be held there in April seems destined to make it one of the busiest communities of its size this month.

Because of the influx of corporations, Flemington tax receipts this year should approach the \$1,000,000 level. Of this bonanza, the town should be able to retain about \$200,000, despite the big slices of its melon which must be passed on to the New Jersey State School Fund and to Hunterdon County. And \$200,000 isn't peanuts since Flemington's yearly expenditures only come to about \$100,000.

● **Reserve Will Benefit**—As a result, the town, which already has a planning board working on the problems peace may bring and a tax reserve of some \$80,000, may be able to transfer as much as \$100,000 this year to its post-war reserve.

The town's residents, however, have been benefiting from Flemington's corporation business for some time. Before the big companies began to move in on them five years ago, they were called upon to pay a property tax rate of around \$3.90 per \$100. By last year this rate had dropped to 28¢, and this year 43¢.

PRODUCTION

Transmuted Wood

Du Pont evolves process for rendering softwoods hard and hardwoods harder by impregnation with methylolurea.

"Transmuted wood" is the tentative generic term revealed this week by du Pont for any lumber, veneer, or plywood that has been chemically treated by the company's startling new "methylolurea" process which appears to be practical for products ranging in size from saxophone reeds to ship timbers.

• **As Steel Is to Iron**—Whether or not there is an actual transmutation from one material to another, or whether the name clicks in popular usage and sticks, anyone can see for himself that the treatment renders soft poplar into a material as hard as hard maple, and hard maple into one as hard as ebony, at the same time increasing tensile strength and practically eliminating swelling, shrinking, and warping. Du Pont submits that almost any species of "transmuted wood differs from untreated wood somewhat as steel differs from iron."

Stripped of all the technicalities possible, the treatment consists of impregnating wood with a water solution of methylolurea which is made by mixing two powdery, white chemicals, urea and dimethylolurea, in varying proportions to suit the chemical characteristics of various woods. (Urea is the product of the reaction of ammonia and carbon dioxide; dimethylolurea stems from urea which has been condensed with formaldehyde, a product that is derived from methanol, or wood alcohol.)

• **Under Pressure**—Impregnation apparatus is standard in many other processes for treating wood, being a staunch, sealable, metal cylinder which subjects the material to a vacuum for the purpose of drawing out all the entrapped air possible, and subsequently applies pressure after a solution has been admitted to the wood which is under vacuum.

Methylolurea is said to polymerize with components in the very cell walls of the wood to form hard, water-insoluble, unmeltable resins—the reaction being initiated by natural wood acids and being hastened by heat, as in kiln drying.

"If," as du Pont explains it, "the kiln



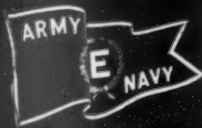
POWER TO WIN

Continental

Red Seal

Engines

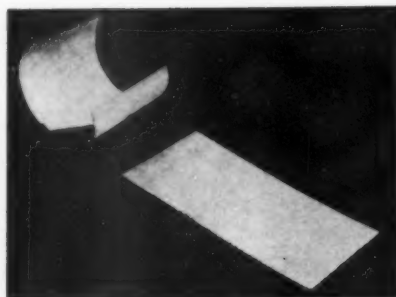
The strong surge of power which is rolling back the black clouds of war, now permits us to see clearly the light of Victory — a flaming light of liberation that foretells a new age of peace and security. In that age, Continental Engines will contribute greatly to the best needs of mankind, even as now they are shortening the war with their Power to Win.



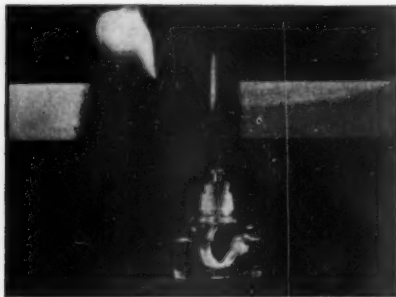
Awarded to the Detroit and Muskegon Plants of Continental Motors Corporation for High Achievement

Your Dollars Are Power. Too! Buy War Bonds.

Continental Motors Corporation
MUSKEGON, MICHIGAN



That du Pont's new "transmuted wood" will not warp is revealed when two pieces of veneer are laid on a damp towel, and only the untreated one curls up (top left). Further quali-



ties include nonflammability and resistance to flame propagation (top right), resistance to acid (below left), and resistance to "grain-raising" in the presence of moisture (below right).



drying has not been at too high a temperature or if conducted rapidly enough, the resinification reaction will proceed to the insoluble but still fusible, or meltable, stage and will remain so for a period of time. If wood so dried is heated to 240F, or higher, the resin melts, will flow under pressure, and the resinification is rapidly completed to the infusible state. The wood will then retain the dimension and surface produced by the compression."

• **Built-In Finish**—Since incompletely polymerized resin will flow under heat and pressure, waterproof plywood can be hotpressed out of impregnated veneers without the addition of further adhesive; what's more, there will be a "built-in" finish throughout the plywood—or a piece of hot-pressed, impregnated lumber for that matter—which will permit scratches and other marks to be removed by smoothing and rubbing.

Lumber can be reduced in thickness by pressing instead of sawing and held there permanently in its hardened state; if special colors are desired, they can be introduced along with the impregnating chemicals; and as an additional advantage, furniture that is made of transmuted wood can be "shipped throughout the world, to humid tropics or dry areas, with assurance that drawers and doors will continue to operate smoothly and remain close fitting under all climatic conditions."



• **Hardening Softwoods**—Biggest field for the process probably will lie in upgrading cheap and fast-growing softwoods into replacements for slow-growing and expensive hardwoods at chemical costs estimated from 3½¢ to 4½¢ a board foot; it is even possible that during future lumber shortages some of the many wood species not now used commercially may be transmuted to take their places within the ranks of the 50 commercial species. (Right now both urea and dimethylurea are under War Production Board allocation, but will be plentiful for postwar applications.)

A further opening for methylolurea appears to lie in the field of plastic molding wherein sawdust, cotton, paper, leather, bamboo, or other materials would each be bonded with its own natural chemicals furnishing some of the bonding material.

• **Similar Process**—Except for the combination of impregnating chemicals used, the methylolurea process is similar to one developed a couple of years ago by the Forest Products Laboratory of the U. S. Dept. of Agriculture, but different from the same laboratory's method of rendering oak thermoplastic by soaking it in a concentrated solution of plain urea and drying it (BW—Oct.31'42,p38). The latter will be used principally for bending oak by dry heat without the necessity for the customary steaming.

Coats for Cans

Army food containers will have coat of olive drab to aid camouflage, help prevent rust. Label elimination saves paper.

Shiny tin cans littering a combat area, remnants of fighters' chow, expose even the most efficiently camouflaged soldiers, and cases of canned foods shipped to damp tropical battlegrounds may be consumed by rust before our armies get a chance.

• **Olive Drab Ordered**—To lick these counterattacks in the battle of overseas food supply, the Army Quartermaster Corps has launched a can-coating program destined to dress every tin of canned and dehydrated food in popular olive drab. Regular paper labels will be omitted, thus saving a large amount of paper and eliminating a contributing cause of rust.

About 40,000,000 cases of canned fruits and vegetables were scheduled to initiate the gigantic program of precoating (an army term connoting the camouflage, rust-inhibiting process) which recently got underway directed by QMC offices in Oakland, Calif., Chicago, and Jersey City, N. J. Soon to follow in the bath of dull olive paint will be thousands of cases of canned fish, peanut butter, preserves, etc.

• **Dipping Process**—Canners designated by the QMC offices, aided by a civilian consultant from the industry, operate precoating equipment in each area. They have been authorized to purchase and install machines in their plants at the expense of the government. Contracts specify that all equipment and materials are government property, to be returned when the program is no longer necessary to protect our fighting men. Costs of operation have not yet been established.

A dip method in which cans are completely immersed in paint has been found the most efficient precoating system.

• **Methods Differ**—G.I. uniforms for cans are distributed by 20 paint manufacturers approved by the government. Although the composition of coating material differs with various methods and machines, a popular formula is a glycerolphthalate solution thinned with an equal part of a petroleum type thinner. This solution is reported as fast drying and less volatile than most enamels and lacquers. An estimated 100 cases of No. 10 cans can be coated with a gallon of this solution.

Cans emerging from a tank of paint are speeded on the processing line

BLUEPRINTS TO CHECK

See-ability, made possible by today's high-efficiency

Westinghouse Mazda Lamps, is helping build the greatest fleet in history. In one shipyard alone, draftsmen and engineers must work with more than 200 acres of blueprints in a single year. See-ability makes this vital eye-work easier, enables ship-building Americans to work faster and more accurately, with a minimum of fatigue. Through See-ability, efficiency is increased, output speeded, eye-strain reduced. Consult your Westinghouse dealer about See-ability with bright, long-lasting Westinghouse Mazda Lamps, or write Westinghouse Elec. & Mfg. Co., Bloomfield, N. J. Plants in 25 cities . . . offices everywhere.



Wartime lighting advances made by Westinghouse engineers will lead to higher lighting standards for postwar America, with new and better ways of using light in every kind of business, industrial, transport, commercial and home activity. Higher levels of light for schools will bring easier seeing, faster learning, better work. Light in new colors, lamps in new shapes and sizes, will offer a host of new display and merchandising opportunities to progressive stores and show rooms. Whatever your plans, be sure you take full advantage of Westinghouse lighting improvements.



4

timely new

McGRAW-HILL BOOKS

1. Timestudy Fundamentals for Foremen

By **Phil Carroll, Jr.**, Management Consultant. Offers the foreman the everyday use of timestudy as an efficient and profitable tool to detect where improvement should be made on the job. Whittles down a technical subject to a simplified explanation, outlining timestudy principles, "rating," the use of "standard data," and the "standard setting process" in their simplest forms. Shows the foreman how to make the most of the opportunities timestudy affords him and his men to increase their production and earnings. 132 pages, 73 illustrations, \$1.75

2. Consumer Problems in Wartime

Edited by **Kenneth Dameron**, Ohio State University. Twenty-five specialists from the fields of marketing, economics, and education look into the effects of war in many channels of consumer interest. For business men the book offers much of value, in objective surveys leading to better comprehension of both sides of many consumer questions, and in specific materials helpful in marketing and consumer-relations activities. 672 pages, 47 illustrations, \$3.75

3. Present Savings and Postwar Markets

By **Samner H. Slichter**, Harvard University. Presents a careful and reasoned examination of the accumulation of savings during the war period and the effects of such savings on the future demand for goods. It studies a number of factors both in their present and probable future bearing on the subject, and sets up a framework of assumptions to serve the business man as a point of reference in his postwar thinking. 79 pages, \$1.00

4. Seven Steps Toward Simplified Office Procedures

By **A. H. Stricker**, Management Consultant, House Civil Service Investigating Committee. Shows how through functional equipment, unitized operations, better environment, and workable standards, vastly improved office facilities may be established and the officer operator aided in doing more and better work. The "Stricker Plan" brings forward an entirely new, tested method, revolutionary in its simplicity, for doing the many paper work jobs. 130 pages, 23 illustrations, \$1.75

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Send me the books checked below for 10 days' examination on approval. In 10 days I will pay for books, plus five cents postage, or return them postpaid. (Postage paid on orders accompanied by remittance.)

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(Books sent on approval in U. S. and Canada only.)

through drying tunnels, where a counter flow of artificial wind, ranging in temperature from 130F to 150F, completes the disguising process.

Since procoating makes embossed lettering on can tops illegible, QMC specifications to procoaters include instructions for printing the name of the product over the olive drab by can marking machines or hand stamping.

• **To Consider Safety**—All foods purchased by the Army from canners not designated as procoaters will be used domestically or routed to foreign soil where rust and tin can trails are not a threat to safety.

NEW DIESELS ORDERED

Newcomer though it is to the field of diesel engines on the West Coast (BW—Feb. 26 '44, p. 76), Joshua Hendy Iron Works of Sunnyvale, Calif., recently received a contract for the delivery of 74 of its engines to the U. S. Maritime Commission.

Charles E. Moore, president of Joshua Hendy, said the engines will be built in the company's Sunnyvale plant and subsequently combined with generators constructed by the concern's Crocker Wheeler divisions to supply diesel electric auxiliary power for the Maritime Commission's AV-1 vessels. The engines will rate 83.7 hp. per cylinder (not 8.3 as previously reported) at a normal operating speed of 500 rpm.

COLLEGE GETS AIRPORT

A laboratory unique to the college campus is being constructed at the University of Illinois. It is an 800-acre airport and center of aeronautical activity that may have a far-reaching effect on the pattern of university life.

The airport at Urbana-Champaign (five miles from the main campus) is the first step in Illinois' plans for education and research in many phases of aviation. Initial construction, expected to be completed within six months, will include three 5,300-ft. paved runways 150 ft. wide, a control tower, hangar, maintenance shops, administration building, and classrooms.

The Illinois legislature appropriated \$250,000 for purchase of land and \$500,000 for construction; the Civil Aeronautics Administration provided \$1,450,000 for grading, drainage, and other work.

After the war the university plans an air force unit in the ROTC. It will offer flight instruction, provide research facilities, develop teacher-training programs, conduct courses on the economic aspects of aviation, and work in cooperation with other established agencies in the advancement of air transportation.

NEW PRODUCTS

Plastic Goggles

Designed for workers whose eyes are irritated by metal, two new Air Vue Acetate Safety Goggles are being introduced by the American Optical Co., Southbridge, Mass. Although they are patterned after everyday "horn" spectacles, their frames are considerably more massive and are made of a plastic material.



sparkproof, fire-resistant cellulose acetate plastic—an important consideration in powder plants, oil refineries, and other more or less hazardous locations.

The groove in the lens rim is designed to be "deep, forming a lens seal with substantial backing to resist impact." One model of the goggle (right) has side shields, the other (left) has a single lens. Either one is available with white or green Calobar "super armor" lenses, ground or not to a personal optical prescription.

Improved Explosive Rivet

Greater speed and uniformity in riveting are promised by the Improved Explosive Rivet, just announced by the du Pont de Nemours & Co., Wilmington 98, Del. Like its predecessor, it has been speeding the blind-rivetting of military aircraft for more than a decade (BW—Jul. 19 '41, p. 52). The model has an explosive charge at the far end of the shank which is ignited by heating the rivet head with an electric or electronic tool. It also has an auxiliary cavity filled with explosive tending from the main cavity in the shank end back toward the head.

When the head is heated electrically or the charge is set off more quickly by high-frequency currents from an electronic tool, the detonation is instantaneous.

How Mother and Dad came to Munda

... somewhere tonight a mother and a father
... riding a magic carpet... across the
... Pacific... to their boy!

... actually, they are writing him a V-Mail
... a letter from home... news of the
... family, the neighbors, the town... America.
... wonder Uncle Sam says: Write often
... And cheerfully!

... how often? Well, millions of V-Mail let-
... go monthly to the Pacific area alone.
... times it's only two weeks from Mid-
... home to Munda hut!

... what's the secret of V-Mail? By photog-
... on micro-film, your hand-written let-
... shrinks from page to postage-stamp size.
... a miniature—it crosses the ocean. En-
... ded overseas, the letter becomes readable
... mail. *You have reached your boy.*



The miracle of V-Mail!

One old-style letter does not weigh much. But millions of them weigh tons. *V-Mail saves 98% of precious shipping space.* Preparation of the film that makes this possible is a delicate process. *Air conditioning is required.*

Why? Because the film can be damaged by dust... harmed by high temperature... destroyed by moisture. *All these hazards are removed by Carrier air conditioning.*

Control of industrial air... conceived and brought to present perfection by Carrier... speeds the supply of micro-film... lenses... flares... parachutes... ball bearings... altimeters... plasma... bomb sights... sulfa... penicillin...

Tomorrow this same "know how" will help American industry *get things done*... will speed Production... Distribution... *Employment!*

CARRIER CORPORATION • Syracuse, N.Y.

AIR CONDITIONING

Carrier



REFRIGERATION



Osborn End Brushes End Bottlenecks

Hard-to-brush parts that formerly caused production lags are easy to burr and clean with Osborn End Brushes

ONE aircraft manufacturer using Osborn End Brushes on a bonding operation does the job in 13% of the time formerly required.

A large electrical manufacturer uses Osborn End Brushes to remove burrs from aluminum housings for small electric motors in 20% of the time formerly required.

An aircraft ignition company polishes cup-shaped contact receptacles with Osborn End Brushes in 33 1/3% of the time formerly required.

A landing boat builder uses Osborn End Brushes to clean welds in inaccessible corners, doing the operation in 20% of the time formerly required.

Wherever there are tight, awkward, hard-to-get-at places that must be cleaned of weld-scale, burrs, rust or corrosion, use Osborn End Brushes. They operate on all standard power tools, air or electric. And you'll get higher quality, faster production—at lower cost!

THE OSBORN MANUFACTURING COMPANY
5401 Hamilton Avenue Cleveland, Ohio



WORLD'S LARGEST MANUFACTURER OF BRUSHES FOR INDUSTRY

expand "virtually the entire shank" tightly in the hole and thus to eliminate the necessity of providing an "exact fit between the drilled hole and the shank." This leeway makes possible more rapid insertion of rivets, but the expansion rate for one riveter is about the same as formerly—10 to 20 rivets a minute.

Warning Sticker

Temporary or permanent obstructions that might lead to accidents in the dark spots of factories, stores, warehouses, etc., can be marked quickly with the special new Kum-Kleen Warning Sticker developed by Avery Adhesives, 451 E. Third St., Los Angeles. It comes in a single size of 4x2 in., with several highly visible black stripes printed diagonally on white ground.

It is backed with a nondrying adhesive for application without moistening to any smooth surface. When needed for it has passed, it can be peeled off cleanly. For especially dark locations demanding extra protection, the sticker can be obtained on special order with phosphorescent white stripes printed on a black background.

THINGS TO COME

Mysterious stoppages in the fuel systems of postwar planes, automobiles, and other mechanisms will be easy to spot if the producers of transparent plastics have their way. Fuel lines of transparent tubing are already being used with encouraging success, and it is only a matter of time until fuel pumps, fuel valves, and carburetors can be seen through with equal clarity.

Home furnaces of the future may or may not take the form of the considerably publicized "heating plant about the size of an office waste basket" which would be "light enough and small enough to be hung from the rafters . . . in the attic." In the first place, the airplane heater from which such a design would derive has a small, high-speed, air-circulating fan with a disagreeable, high-pitched whine; in the second, further research might uncover the greater feasibility of still smaller units mounted inside the walls, floors, or ceilings of individual rooms. Whatever the size or location, quiet operation can be achieved with larger, slower fans or blowers.

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MARKETING

No Dress Skimping

OPA tackles New York's market in fight on price ceiling violations, and lowered quality in apparel; damages collected.

OPA had the cart before the horse last fall—in the opinion of a good many retailers—when the price administrator filed complaints against nine chain distributors of women's and children's low-priced wear who had violated the "highest price line limitation" (MPR 330).

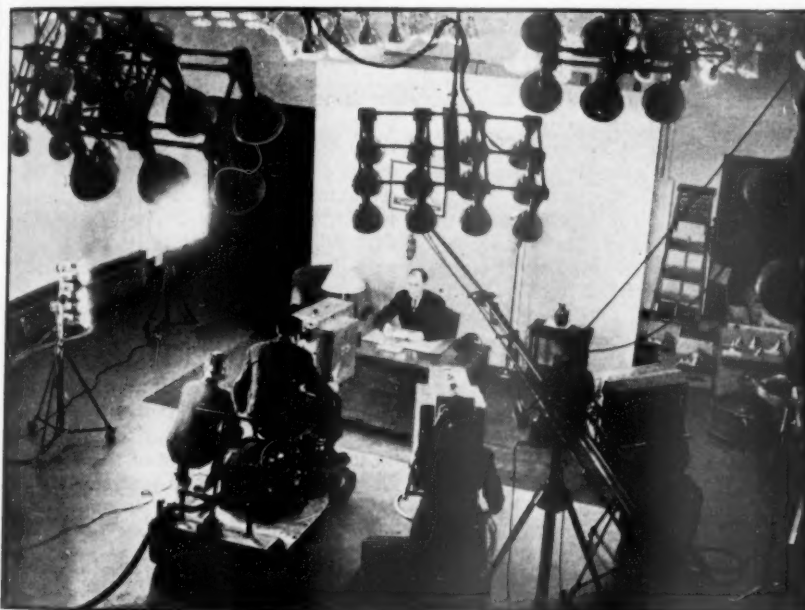
The retailers claimed that they had added higher price lines because the supply in their lower base price lines had virtually disappeared (BW—Sep. 25 '43, p. 92). And they hinted that the Office of Price Administration would do better to pursue price control at the manufacturing and piece goods levels.

• **Tackles New York**—Since then OPA has proceeded gradually with a crack-down on the apparel industries in half a dozen cities. The real payoff began

last week, however, when OPA tackled the big New York dress market which boasts 80% of the U. S. trade—concentrated in Manhattan's West Thirties—and filed treble damage suits against three dress manufacturers, one dry goods wholesaler, one piece goods converter, and one fabric jobber.

One case already has been settled out of court. The Epstein Garment Co. settled OPA's claim by paying \$40,000 damages for failing to put the required minimum of labor, material, or trimmings into some 100,000 dresses and suits. This follows precedents set in Los Angeles where OPA has out-of-court settlement of at least ten cases on the books; in Chicago, where three companies, including Eisenberg's, Inc., an outstanding high-style house, paid up without a contest; and in Baltimore, where OPA collected \$97,000 from two companies.

• **Biggest Case**—Definitely the biggest case to date is the treble damage action for \$218,110 filed against New York's Artee Frocks last week. The company was accused not only of reducing quality of workmanship and materials, but



M.G.M. HELPS N.B.C.

Before batteries of hot floodlights and intricate equipment, James L. Fly, chairman of the Federal Communications Commission, introduces television's first movie premiere. Primarily

a plug for the FCC, this two-reeler thus aired by National Broadcasting Co. last week had an interesting sidelight. For despite behind-the-scenes squabbling between movie and video interests, the film came from Hollywood's Metro-Goldwyn-Mayer.



Blinking and flickering of dying fluorescent lamps not only annoy busy war workers but cause ballasts to overheat and sometimes fail. That's serious. Then your maintenance man has a costly and time-consuming job on his hands.

You can cut lighting maintenance to a minimum by installing G-E Watch Dog Fluorescent Starters — FS-40 for 40-watt lamps and FS-100 for 100-watt lamps. The Watch Dog eliminates annoying blink and flickering automatically and positively by cutting itself out of the circuit. Replacements are fewer because the Watch Dog lasts considerably longer than ordinary starters. Under specified test conditions, the FS-40 outlasts an average of ten 40-watt lamps. And most important of all, the Watch Dog safeguards against hot ballasts by preventing dying lamps from being started needlessly. All this adds up to less major repairs when manpower is critical.

Our new catalog tells how to use fluorescent accessories for best lighting results. You can obtain your free copy by writing to Section G441-102, Appliance and Merchandise Dept., General Electric Co., Bridgeport, Conn.

Hear the General Electric radio programs: "The G-E All Girl Orchestra" Sunday 10:00 P.M. EWT, NBC. "The World Today" news every weekday 6:45 P.M. EWT, CBS.

BUY WAR BONDS

GENERAL ELECTRIC

EATING STOPS

IF AMERICA'S HIGHWAY TRANSPORTATION SYSTEM FAILS

Trucks helped make America the best-fed nation on earth—**EVEN IN WAR!**

Stop all the nation's trucks and we would begin to go hungry—in less than a week! Food production is geared to truck transport, just as war production is. No other transportation system has the delivery speed and flexibility to handle the job.

Trucks get perishable foods to market faster, fresher. They prevent waste and spoilage . . . overcome shortages quickly . . . save you plenty on good eating! On top of this—trucks haul, for the Services, 11½ billion pounds of Lend-Lease food for our Allies . . . keep our Army and Navy well-fed.

But our vital food and war production will be imperiled—unless obstacles to truck transport are removed soon!



60% **OF THE MEAT**—cattle, hogs, sheep, and lamb—is rushed to stockyards by truck. Truck-hauled livestock loses less weight . . . gives farmer more income . . . lowers prices to you.



100% **OF THE MILK** for 34 large cities, most milk for other cities and towns is hauled and delivered by truck. Glass-lined tank trucks protect health, too!



89% **OF THE POULTRY** received alive at Chicago, 79% received in New York, arrives by truck . . . at less cost per pound.



51% **OF THE VEGETABLES** and fruit for our largest cities comes by truck . . . Fresh foods rich in healthful vitamins.



45% **OF THE BUTTER** . . . most cream, eggs and cheese . . . Even canned and packaged foods come all or part way by truck.

TO KEEP AMERICANS EVERYWHERE WELL-FED, WELL-ARMED, TRUCKS MUST BE KEPT ROLLING!

Despite shortages of truck equipment, restrictions on rubber, poor quality gasoline, and manpower difficulties, truck transportation has smashed bottlenecks on food and war production by cutting delivery time in half!

But trucks can't surmount handicaps forever. Only a small fraction of worn-out equipment is replaceable today. Over-worked vehicles often stand idle

for lack of repair parts. Conflicting state regulations, licenses and taxes hamstring truck efficiency. Special taxes on trucks exceed 1½ MILLION DOLLARS A DAY. Yet, roads that are inadequately maintained, slow and endanger irreplaceable equipment,

To keep food and war materials moving swiftly, highway transport must be given sufficient new equipment quickly. Highway bottlenecks must be completely erased. Highway Commissions must be given tools, materials and men needed to maintain roads regularly.



THE AMERICAN TRUCKING INDUSTRY

AMERICAN TRUCKING ASSOCIATIONS, WASHINGTON, D. C.

EVERY MILE FREIGHT TRUCKS ROLL BRINGS VICTORY CLOSER



WHICH Crane Shall I Buy?

Highest operating efficiency and greatest economy depend on how accurately the crane is suited to its job. It must be constructed heavily enough to give a long service life with minimum maintenance... yet not so heavy that it causes uneconomical use of power and excessive investment.

Whiting Crane Engineers design cranes for each customer's individual requirements. Long experience with every detail of construction—girders, bearings, gears, motors and controls—enables Whiting to fabricate the crane which will give best over-all efficiency under actual plant conditions. "You'll do better with a Whiting Crane." Whiting Corporation, 15661 Lathrop Ave., Harvey, Ill.

Dependable • Quiet-Running • Durable

WHITING

BUILDERS OF QUALITY CRANES FOR NEARLY

Overhead
Traveling

CRANES

SIXTY YEARS

fabric is printed in lots of less than 6,000 yd., the prices increase approximately 1½¢ per yard. Thus converters have been showing a marked preference for printing small lots of four-color prints.

Another big shift has been from roller printing to screen printing, for by screen printing the converter can sell for 78½¢ a yard the same material which would come under a ceiling of 42¢ a yd. if it were roller printed.

Another loophole which OPA plans to plug soon allows converters who buy government surpluses, usually at something below the original price, to add extra fancy finishes which allow them extra fancy markups. OPA contends that the material (usually airplane and parachute cloth) is generally finished beautifully, and could be made up into clothing as is. In fact, OPA intends to see to it that such cloth doesn't get unneeded finishing by the trade.

• **An Effective Weapon**—Even if OPA succeeds in tightening up price regulations to prevent overfinishing and a host of other practices which, although legal, contribute to price increases, the enforcement problem will not be licked. But OPA is counting on its actions in the dress field to provide a compelling precedent. In this campaign, OPA has found treble damage suits the most effective weapon. Most of the cases are too serious for simple injunctions, and price officials hesitate to bring criminal actions because textile regulations are too complicated to explain to a jury.

Politics or Ads?

Knutson stirs up a double-barreled fuss about advertising that ventures into controversial realm of politics.

Hard-hitting, conservative Rep. Harold Knutson of Minnesota picked up his copy of the Washington Post not long ago and began to get hot under the collar. What caught his eye was a full two-column advertisement by International Latex Corp., which reprinted a stinging article by Marquis Childs, the columnist, on the soldier vote issue, then tied up in House-Senate conference.

• **"Public Service"**—With a rising temperature, Knutson read through Child's remarks: "In their bitter partisanship the Republicans found themselves in bed with some odd characters. . . . It's too bad Lincoln couldn't have heard Congressman Rankin's appeal to racial prejudice. . . ." At the end Knutson found a final comment by the adver-



The easiest thing in the world to waste is paper

Paper has become a critical material. Our government asks everyone to conserve it. Business always has been notoriously careless of paper—now, under wartime acceleration, paper work is heavier than ever and waste has grown proportionately.

There is a practical way for business to reduce consumption of paper, to eliminate waste, and at the same time benefit by simplifying many office operations so that time is saved, labor lightened, errors reduced, and office output speeded up.

This may be done—is being done—in many government departments, at military depots, and in many varied businesses by a revolutionary wartime development—the Multilith Systemat. The Systemat carries constant information printed in reproducing ink. Variable data necessary to complete the document is compiled and typed or handwritten in. The entire form then becomes a master sheet which, placed on a Multilith Duplicator, produces a dozen or hundreds of accurate,

permanent, black-on-white facsimiles—every one an original. The Systemat produces purchase orders, job sheets, shipping documents, tally and packing slips—almost every type of form that carries repetitive data.

Learn how Multilith Systemats can serve you by letting a Multigraph man explain how Systemats work. Millions of Multilith Systemats are being used by U. S. military forces. Of course, their requirements take precedence over civilian demands. Addressograph-Multigraph Corporation—Cleveland. Sales agencies with service and supply departments in principal cities of the world.

Multigraph

TRADE-MARK REG. U.S. PAT. OFF.

SIMPLIFIED BUSINESS METHODS

Multigraph, Multilith and Systemat are Reg. T. M. of Addressograph-Multigraph Corporation



Multilith Systemats Save Paper by—

1. Reducing Stationery Inventories
2. Eliminating Obsolescence of Forms
3. Reducing Needs for Printed Forms
4. Permitting Consolidation of Several Forms into a Single Form
5. Avoiding Wasteful "Over-Runs"
6. Maintaining Legibility
7. Preventing "Copying" Errors
8. Utilizing Both Sides of Paper
9. Using Inexpensive Paper Stocks
10. Dispensing with Carbon Sheets

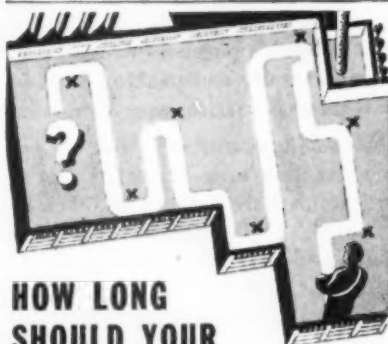


Group Insurance
relieves employees of
distracting worries.



LIFE • PENSION • SICKNESS
ACCIDENT • HOSPITALIZATION

AETNA LIFE
INSURANCE COMPANY
Founded in 1850 Hartford, Connecticut



**HOW LONG
SHOULD YOUR
WATCHMAN'S ROUTE BE?**

Proper planning of your plant tours is
necessary for adequate protection. This
is just one of the **PLUS VALUES** you
get when you in-
stall a

DETEX
WATCHCLOCK SYSTEM
If you are engaged in
vital war work, in-
vestigate DETEX today.



DETEX WATCHCLOCK CORPORATION
Dept. BW-5
Home Office, 76 Varick Street, New York
Sales and Service in All Principal Cities

DETEX
WATCHMENS CLOCKS
NEWMAN • ECO • ALERT • PATROL

tiser: "As a public service we present Marquis Childs' uncommon common sense on the soldiers' vote."

Knutson's first step was to query Commissioner of Internal Revenue Joseph D. Nunan, Jr., about the deductibility of the cost of such advertisements from taxable income. Nunan told him that the Latex ad would not qualify as a business expense and that regional offices of the Bureau of Internal Revenue would disallow it if the company charged it against taxable income.

• **Another Tack**—Still fuming, Knutson waited a couple of weeks, then decided to try another tack. In a letter to Rep. Hatton W. Sumners, chairman of the House Judiciary Committee, he asked an investigation to see whether or not the advertising might be a violation of the Corrupt Practices Act, which forbids corporations to make political contributions.

As second-ranking Republican member of the House Ways & Means Committee, Knutson intends to hit the tax angle again as soon as a new revenue bill comes up. The odds are, however, that the law and practice on allowance of advertising expenses will remain about as they are now.

• **"A Reasonable Relation"**—The bureau's ancient rule is to allow only expenditures that are "ordinary and necessary and bear a reasonable relation to the business in which the enterprise is engaged." In applying this test, the bureau always has ruled out purely political advertising.

Companies which have a direct interest in legislation of one sort or another constitute a wide borderline territory. But Knutson specifically says that he does not want to prevent a company from advocating or opposing legislation.

• **Hazily Worded**—In the long run, the questions that Knutson has raised about the Corrupt Practices Act may have repercussions. Both the Corrupt Practices Act and the Hatch act (which also deals with the question of contributions) are so hazily worded that no lawyer can be sure whether paying for an advertisement constitutes making a contribution.

MILWAUKEE TRIBUNE?

Most of the larger Wisconsin newspapers backed Wendell Willkie in the recent presidential primary. Principal anti-Willkie newspaper circulation in the state (daily 37,196, Sunday 65,568, according to the Audit Bureau of Circulations) was the Chicago Tribune, which the unsuccessful candidate roundly denounced throughout his Wisconsin campaign.

Col. Robert R. McCormick, belligerent publisher of the Tribune, took Willkie's landslide defeat and subsequent withdrawal as a repudiation of Wisconsin newspapers by their readers. Using this as its argument, the Tribune Co. last week applied to the War Production Board for allotment of 22,875 tons of newsprint to start a Milwaukee morning newspaper.

Whether WPB will take the application seriously remains to be seen, but it's a safe bet that McCormick is playing for keeps. Precedent cited by the Tribune is allotment of newsprint to start new newspapers in California within the past year.

Added report: that the Tribune is trying to buy Hearst's Milwaukee Sentinel, which has the morning field to itself but runs second to the afternoon Milwaukee Journal in circulation and advertising volume.

SPUDS SHORTENED

The "Imperial" size mentholated Spud cigarette (king's size in other brands) which Axton-Fisher Tobacco Co. of Louisville introduced in December, 1940, is being brought down to standard size due to the tobacco shortage, and requests from the trade.

Axton-Fisher estimates the change will take 20% less tobacco and 20% less menthol, a product hard to get and costly in wartime. The new size still will be produced in both cork and plain tips.

After an experiment in three Pacific Coast states with "Imperial" Twenty Grands, Axton-Fisher has decided to keep that cigarette at the standard size.

BEAUTY THRIVES IN WARTIME

Like a good many other industries, the beauty trade has settled into a routine adjusted to wartime shortages and hardships—and watched business boom. Figures just released by the Office of War Information show that sales have increased 63% since 1939, when Americans spent \$1,000,000 a day for cosmetics, or \$395,000,000 altogether. Last year sales totaled \$594,000,000.

Despite the wartime trend toward higher-priced beauty preparations, most women continued to buy low-priced units. Of 120,000,000 lipsticks sold in 1942, for example, 80,000,000 were in 10¢ sizes, only 20,000,000 cost \$1 or more. But a recent survey shows that the average woman worker spends \$2.37 a month for beauty aids.

Washington predicts little change in the industry for 1944. Prices will be 10% higher because of the increased tax; essential materials will be available in about the same proportion.

THE lamps of our years

We started in business in 1901, as an independent refiller of carbon incandescent lamps.

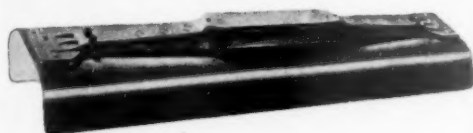
In those days, gas and oil could still compete with electricity to light America.

But the best light of those distant times would seem dim indeed compared to what your home will have tomorrow.

Fluorescent light has proved itself in war plants, where it aids precision production.

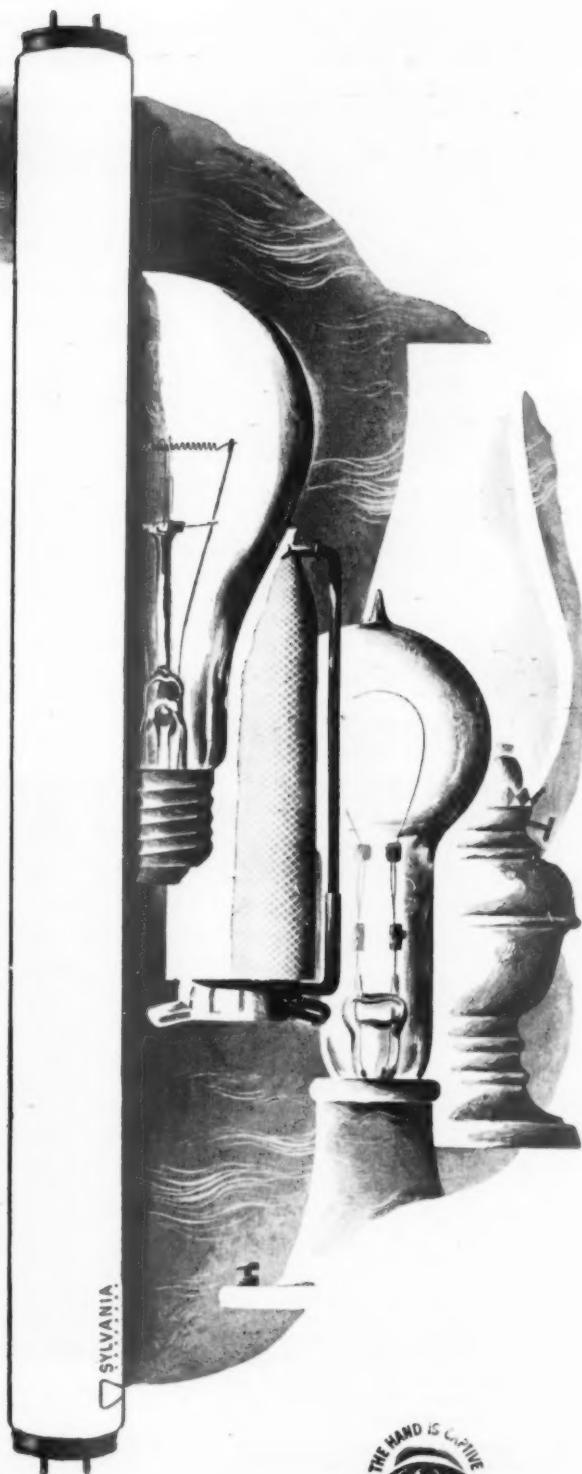
With the dawn of peace it will bring to homes illumination that is not only cool and glarefree, but also the most efficient artificial lighting known. A fluorescent lamp gives you $2\frac{1}{2}$ times the light from the same electrical energy.

Sylvania is a pioneer in fluorescent research and manufacture. Sylvania is a name to remember when you think either of lamps or fixtures for the finest in fluorescent performance.



THE FIXTURE OF THE FUTURE

This Model HF-235R fluorescent fixture rounds out Sylvania's industrial line. Its two 100-watt fluorescent lamps in Sylvania's non-metallic reflector give maximum lighting intensities with a minimum use of critical materials. (Reflector efficiency of 86%.) Streamlined top housing provides for complete hanging flexibility and encloses the ballast for protection.

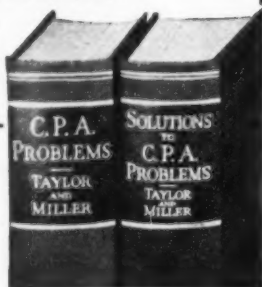


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FLUORESCENT LAMPS, FIXTURES AND ACCESSORIES, INCANDESCENT LAMPS, RADIO TUBES, CATHODE RAY TUBES, ELECTRONIC DEVICES

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Send me Taylor and Miller's C.P.A. Problems and Solutions to C.P.A. Problems, 2 vols., for 10 days' examination on approval. In 10 days I will send \$1.00, plus few cents postage, and \$3.00 monthly for 3 months, or return books postpaid. (Postage paid on orders accompanied by remittance of first installment.)

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Address

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Company

(Books sent on approval in U.S. and Canada only.)

LABOR

Wildcatters Lose

NLRB slaps down nine who were fired for striking an employer unwilling to raise pay without NWLB approval.

In a decision with potentially far-reaching implications, the National Labor Relations Board has upheld the right of an employer to fire workers who go on strike to force him to grant a wage increase which has not been approved by the government.

• **May Go Further**—The majority decision (Chairman Harry A. Millis dissented) indicated that the board may go even further by applying the decision to all strikes in violation of established federal policy.

Carried to a conceivable conclusion, the board's reasoning could be applied to wildcat strikers who walk out with-

out complying with the provisions of the Connally-Smith law, which orders a 30-day cooling-off period and a federally conducted strike ballot. A test whether NLRB is prepared to go the far might be provided by any employer who reinstates wildcatters on the assumption that to do otherwise would be an unfair labor practice.

Except for strikes involving violence or fraud, or seizure of property through sitdown, the board generally has regarded strikes as legitimate "collective action" expressly permitted by the Wagner act.

• **Increases Negotiated**—The case before the board involved nine employees of the American News Co., Paterson, N. J. Members of the independent Mailers & Deliverers Union, they went out on strike after the employer refused to put into effect a schedule of negotiated wage increases without waiting for the National War Labor Board to pass on it.

The employer pointed out that he



C.I.O. SORE SPOT

Redoubled C.I.O. efforts to organize Weirton Steel make the gates at Weirton the site for a battle of handbills—under the eyes of West Virginia state police. Opposing the C.I.O. organizers are those of the Weirton Independent Union, which holds the contract coveted by the C.I.O. and claims to represent 85% of the

firm's 10,000 workers. The drive began with disorders slightly reminiscent of the bloody campaigns of the thirties which culminated in Weirton's 17-month wrangle with the National Labor Relations Board (BW—Jul. 12 '41, p. 65). Ever since, Weirton has remained a sore spot with the C.I.O., which some time ago succeeded in organizing two plants of its parent company, National Steel Corp.

Is Payday The End Of Payroll Work— Or Only The BEGINNING?

Are all your payroll records up to date each pay day? Or will hours be wasted later in posting from one form to another and in making the figures balance? Suppose Government quarterly reports are due, or the Wage and Hour Inspector calls? Will essential facts be quickly available?

Up-to-date records, *complete* with all payroll facts needed to satisfy 7 Government Agencies, as a by-product of the original entries—that's what Todd Payroll Systems produce, *at a saving of more than 50% in payroll posting time*. The reason: any clerk can post earnings record, employee's statement and payroll sheet in a simultaneous hand operation.

Todd Payroll Systems require no trained operators—no capital invest-

ment in equipment. They are adaptable to your present and future needs, whether you pay 10 employees, or 10,000, by check or in cash.

What Users Say:

■ "We are very pleased with your system because it saves about 60% of our payroll posting time, and also saves considerable time in the all-around preparation of our weekly payroll...We really appreciate the many benefits which we are deriving from your system and we heartily recommend it to others."

Clyde Collins, Inc., Memphis, Tennessee

■ "Your system has easily cut in half the total time required for the payroll, and we have the further satisfaction that the resulting records are in strict accordance with the law and because of the system's operation, absolutely accurate."

Master Gauge Co., Detroit, Michigan

For more information to help you speed posting, proving and report-making, mail this coupon today.



THE TODD COMPANY, INC., ROCHESTER 3, N. Y.

Please give me the facts about Todd Payroll Systems that speed quarterly reports, cut payroll posting time, increase accuracy and meet all State and Federal regulations.

Company name _____

Address _____

City _____

By _____

BW-4-22-44

would be in violation of the stabilization law if he paid the increases without NWLB approval and fired the mine. Ten days later, NWLB urged the mine to abandon the strike—which they did, and they applied for reinstatement. When reinstatement was refused, they filed a complaint with NLRB.

• **Mild Penalty Suggested**—Millis, in his dissent, stated that the workers should have been ordered reinstated without back pay, by way of mild penalty. The strike occurred before the Conally-Smith law was passed.

But the board majority stated that the Wagner act should not be administered "so singlemindedly" that other congressional enactments and statements of public policy are ignored. Said the majority:

"The Emergency Price Control Act of Jan. 31, 1942, and the supplementary wage stabilization of Oct. 2, 1942, are among the most important congressional enactments with respect to our wartime economy. The passage of these measures was brought about to curb our inflationary spiral which threatened the value of our currency and the ability of the nation to prosecute the war. The formulation and the proper administration of these statutes have been the constant concern of Congress and the President."

Jitters in Coal

Miners are getting restive over delays in contract approval. Kennedy protests portal-to-portal finding of 55.82 minutes.

The coal industry's labor troubles seem destined to continue for some time in the light of recent developments.

The second report of the President's committee on portal-to-portal travel time—the time spent going from the mouth of the mine to the working face—failed to advance the coal wage case nearer to solution since it represented little change from the first report. And the dissent filed by Thomas Kennedy, the United Mine Workers member, indicated that the mine union is getting tired of the government's apparent disposition to dabble with the figures—and perhaps is preparing to force a final showdown irrespective of the figures.

• **Lewis' Demand**—This was borne out by issuance of John L. Lewis' demand for payment of \$18,000,000 in retroactive back pay which has been withheld while awaiting National War Labor Board action on a pending contract be-

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Engineer Considered*

STOW

FLEXIBLE SHAFTING

... to Eliminate
**Gears, Belts, Bearings,
Universals from Your
POSTWAR PRODUCT?**

THE
HOW and WHY
of
FLEXIBLE
SHAFTING

GIVE HIM THIS BOOK...

There's nothing new about flexible shafting. Stow invented it 69 years ago, and has been developing and improving it ever since. What *is* new is its application to scores of products, where it is doing away with the needless complexities of rigid shafting—permitting cleaner design—with fewer parts—with less man-hours in production—with new freedom from service troubles—and greatly increased sales appeal.

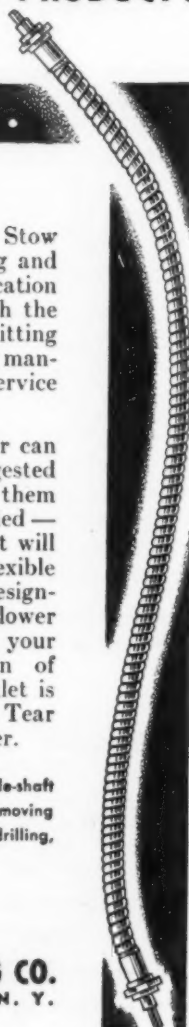
Our new booklet tells your engineers how power can be transmitted around obstacles and through congested areas by one continuous flexible shaft. It will show them how design can be greatly simplified—how wear can be sharply reduced. It will give them all the data on why flexible shafts are used so successfully by designers to whom greater reliability at lower cost are major considerations. If your product involves the transmission of power, or remote controls, our booklet is of interest to you. Send for it today. Tear out this advertisement as a reminder.



Stow Mobile Power Units take flexible-shaft driven tools direct to the job, avoiding moving heavy pieces for grinding, sanding, drilling, polishing, etc.

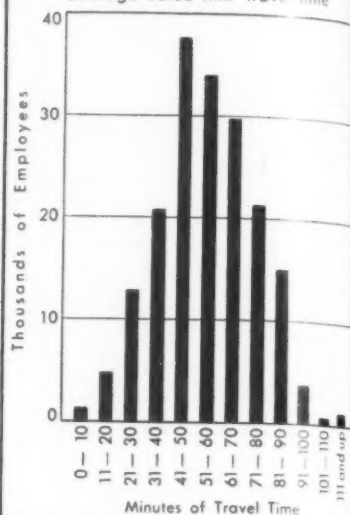


STOW MANUFACTURING CO.
425 STATE ST., BINGHAMTON, N. Y.



PORTAL-TO-PORTAL

U S survey shows coal miners
average 55.82 min travel time



Data: President's Committee on
Portal-to-Portal Travel Time

© BUSINESS WEEK

tween Lewis and 70% of the coal industry to govern a return of the mines to their owners.

Although there seems little doubt that the miners eventually will get the \$40-a-man retroactive settlement provided in the contract, approval of other provisions of the pact has been delayed by NWLB and Ickes until the travel-time committee completes its work.

• **"Too Many Reports"**—But Kennedy's dissent complained about the filing of further interim reports, branding them as half-truths which would only prejudice the case of the miners. Conceivably, NWLB could have gone ahead on the basis of the interim report, which covered 76% of the industry—had Kennedy signed it.

On the basis of returns from 1,257 mines approved by labor and management, the committee found the weighted average travel time amounted to 55.82 minutes a day (chart, above) from "portal to portal"—from the mouth to the face and back. If about 100 returns in dispute between management and labor are included, the average rises to 56.62 minutes. The pending contract is based on the assumption that travel time underground amounts to 45 minutes a day. If the assumption rather than the fact is retained in an approved contract, the miners actually will be working ten minutes less than they are paid for.

• **Prosecutions Weighed**—Other rumblings of trouble in coal include reports that the Dept. of Justice is planning to seek at least ten additional indictments against groups of coal miners who participated in wildcat strikes since Nov. 1

ALL THE *Comforts* OF ROOM!

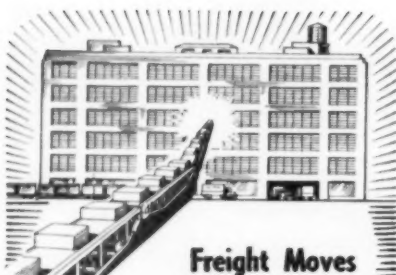


The day is coming when a train trip will again be something to look forward to eagerly — something to be enjoyed at ease, in spacious comfort — and all at moderate price. That of course will be after the war is won. It will be when the armed forces no longer need nearly half of all our passenger equipment to move fighting men. It will be when many coaches and Pullmans now busy in war service can be honorably retired to make way for

new cars with comfort, convenience and thoughtful appointments beyond anything the past has known. That will take money — vast sums of money. It will take time. But we believe that it is worth while today to tell you what we plan for tomorrow — to help you realize that the wartime service we are able to give today is by no means a sample of what's in store for the future.

ASSOCIATION OF
AMERICAN RAILROADS
ALL UNITED FOR VICTORY





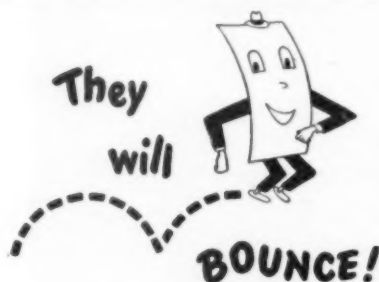
Freight Moves on schedule...with CONVEYORS by PORTABLE

Extreme flexibility of use makes freight type portable conveyors your best material handling bet. Portables break costly bottle necks on the loading platform in the shop. Put every available cubic foot of working space to work. Portable's ability to load and unload, stack, pile and move freight is unmatched for speed, economy and dependability. These portables can be used in dozens of ways to lick the toughest material handling set up. Want evidence? Write for complete information.

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Like a bouncing check, an unidentified product lacks support. With a check there's a definite loss, but the loss of business and good will when products are without supporting identity is incalculable. Give your products the integrity of your name, the added sales value of attractive identification and packaging with Kaumagraph Dry Transfers, Prestomarks, Embossed Seals and Lithography. Kaumagraph research and experience of over 40 years in developing and supplying practical, economical, attractive product marking and packaging is available to you now.



Identification Headquarters since 1902

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NEW YORK OFFICE • EMPIRE STATE BUILDING, N. Y. 1

when the mines were seized for a second time. Two to six miners may be affected in each case.

Indictments already have been secured against 42 miners in eight cases. Suspended sentences have been meted out against 34. The remaining cases are pending.

Seeking a Voice

Independents, miffed at lack of representation in labor tribunals, try to force action in Washington by strike threats.

Independent trade unions claim they have been getting a kicking around from government labor agencies because they have no spokesman in Washington (BW—Mar. 11 '44, p94), and last week three independents in the telephone industry threatened strike action to force attention to their grievances.

• **Sees Representation**—None of the strikes materialized, but Henry Mayer of New York, attorney for a block of communications unions, predicts that the independents' objective will be realized shortly and they will be granted representation on national and regional labor boards. Mayer has been the Washington spokesman for the communications unions and is credited with a large share of responsibility for turning the national spotlight on the independent unions.

In a quiet, undramatic way, Mayer guides the destinies of the bulk of the powerful communications unions from a small law office in New York City. He has been "advising" independent unions since 1921, when he left the venerable legal firm of Root, Clark, Buckner & Howland to open his own office. He insists that he has nothing to do with policy-making, that he gives legal advice only; but most of his client unions follow identical tactics to achieve their objectives.

• **Aiming at A.T.&T. Board**—The sort of thing that boosts Mayer's stock as a strategist is the effort of the United Telephone Organizations, New York City, to get a voice on the American Telephone & Telegraph Co.'s board of directors. Counseled by Mayer, the union has collected proxies from employee stockholders owning about 15,000 shares of stock. Starting from there, the organization hopes to wield enough influence at future stockholders' meetings to elect a representative to the board of directors.

One of the things the union wants to do when and if it gets a voice in

making company policy is to revise the pension system because "top-flight executives get too much and other employees too little." Another proposal opposes transfer of teletype and leased wire services from A.T.&T. to Western Union.

Main voice raised in public denunciation of Mayer's activities is that of the C.I.O.'s American Communications Assn., which admits to little success in organizing communications workers.

• **Strike Deferred**—Mayer is counsel to two of the communications unions which threatened strikes in the past fortnight. At Western Electric Co. members of the Assn. of Communications Equipment Workers voted last week to strike to force the National War Labor Board to consider their petition for a wage increase. Mayer says that because of the pendency of a board decision on a new petition, the strike is not being pushed.

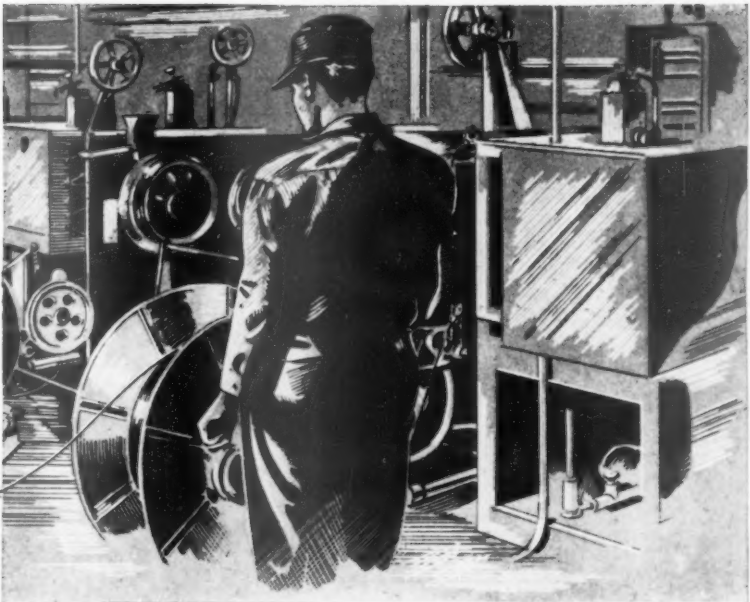
The union first brought its case before NWLB in November, 1942, and Mayer attributes the lack of action to the fact that the union is an independent—not affiliated with the A.F.L. or the C.I.O. Although only 2,300 workers are involved, a strike could tie up production of vitally needed communications equipment.

• **Election Scheduled**—After a barrage of union publicity announcing its intention to take a strike vote to force certification as collective bargaining agency, the Southern Federation of Telephone Workers last week withdrew its threats when the National Labor Relations Board announced an election to be held in May among Southern



As legal groom to a stable of communications unions, Henry Mayer is a quiet force behind moves to gain Washington representation for independent groups.

An old idea, with a new twist in the WIRE BUSINESS...



MANY years in the fine wire business have taught us that all customer problems *cannot* be treated alike.

When a piano string manufacturer comes to Worcester Wire Works, his problem may be one of proper tinning . . . the man who uses wire for staples in book matches or milk bottle caps may be concerned with improved methods to feed wire through his stapling machine . . . the bobby pin manufacturer may want a straighter, cleaner wire . . . the spring manufacturer may have a difficult problem in the forming of music wire.

Each such case may take months of research and trial—and miles of travel to inspect the manufacturer's problem first hand. But working out unusual and important applications of round steel

wire to fit the customer's exact needs is a service for which Worcester Wire Works is noted. It is intelligent, personalized service and it is available to every user or potential user of small wire who wants to improve his product and lower costs.



Divisions of National-Standard Company

WORCESTER WIRE WORKS
Worcester, Mass.
ROUND STEEL WIRE, SMALL SIZES

NATIONAL-STANDARD
Niles, Mich.
TIRE WIRE, FABRICATED BRAIDS
AND TAPE

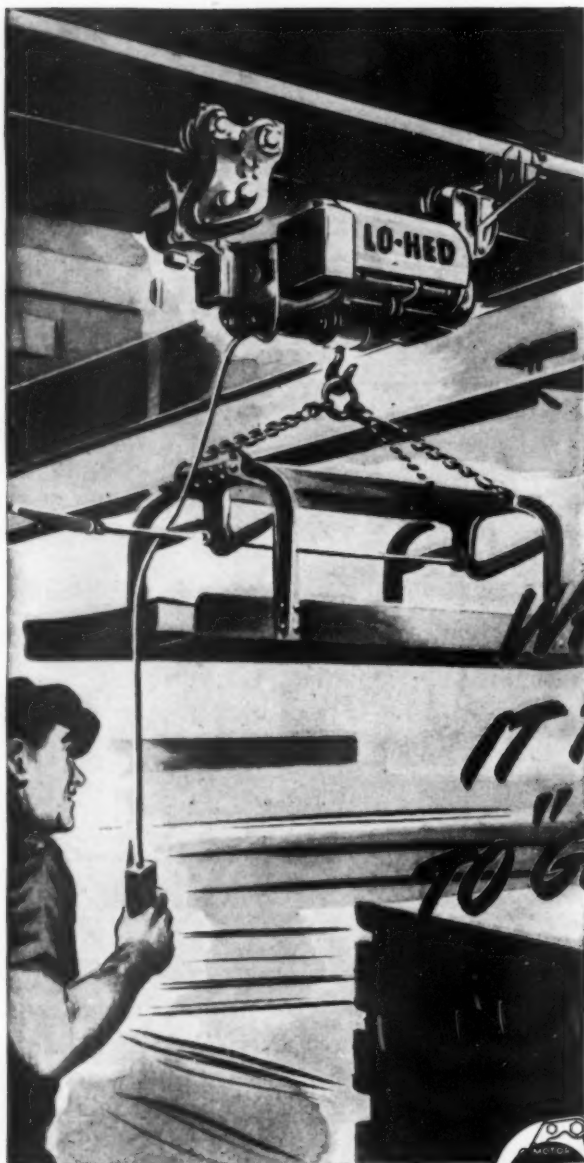
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Typical peacetime applications of wire supplied by Worcester Wire Works.
Milk Bottle Caps • Brushes • Pins • Springs





**WHEN
IT PAYS
TO "GRAB"**

**The steady, multiple-rope block of the
Lo-Hed Hoist simplifies the job**

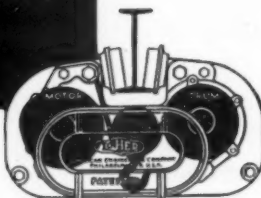
In this steel warehouse a standard Lo-Hed Electric Hoist glove-fits into the design of a transfer crane. An easily attached "grab" permits quick, safe handling of slippery steel sheets.

Similar applications in all types of industries show the versatility of Lo-Hed Electric Hoists in moving materials and lowering handling costs.

Sturdy, easy to operate, Lo-Heds give continuous year 'round performance, with minimum maintenance.

There's a Lo-Hed to save time and money on your operations. Get full information today.

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**LO-HED IS THE "BALANCED" HOIST
FOR HEAVY DUTY SERVICE**

"Balanced" construction gives you low headroom—a desirable plus feature for which you pay no premium. Other important features are: all spur gear drive; heavy duty hoist motor; strong, short shafts; high duty bearings; 100% positive automatic stop; and removable protective covers for all vital parts.

See your classified phone directory under "A-E-CO
Lo-Hed Hoists" for your nearest representative

The Lo-Hed Hoist can be adapted for operation on
any monorail system. There's a Balanced Lo-Hed
Electric Hoist for Every Purpose.

AMERICAN ENGINEERING COMPANY

2520 ARAMINGO AVE.
PHILADELPHIA 25, PA.

Bell Telephone & Telegraph Co. has 30,000 employees in nine southern states.

Last summer the U. S. Supreme Court sustained an NLRB order dissolving a previous employee organization at Southern Bell as being company dominated. The Southern Federation was formed soon thereafter. Despite the fact that A.F.L.'s International Brotherhood of Electrical Workers initiated the complaint which led to the court decision, the Southern Federation will be the only union on the NLRB election ballot.

• **Threat Withdrawn**—Not one of the Mayer unions, but moving in the same orbit, the Illinois Union of Telephone Workers also has been threatening to strike against a labor board ruling. The union last week voted, 2,290 to 1,192, to reverse a previous decision and not strike to force a wage increase.

Both the regional war labor board and the Illinois Bell Telephone Co. had issued statements pointing out that national wage stabilization rules prevented the granting of a pay boost, since the workers already had received a 15% increase over Jan. 1, 1941, levels, the maximum permissible under the Little Steel formula. The union contended that a raise was in order because A.T.&T.'s long-distance telephone employees, doing identical work alongside them in the plant, were getting higher pay.

Blow Softened

East Coast shipbuilding workers win an average increase of 1.2¢ an hour to eliminate plant inequalities.

The National War Labor Board has softened the impact of its decision of last July denying any wage adjustment to the nation's shipbuilding workers by authorizing adjustments of intraplant inequalities along the East Coast to the extent of \$15,250,000 of annual payroll.

• **Average 1.2¢ an Hour**—The adjustments—authorized by the NWLB Shipbuilding Commission—grew out of the wage review which the board ordered at the time. Classification rates of the 60 yards covered by the Atlantic Coast Zone standards were adjusted. About 29% of the 470,000 workers in the yards stand to receive increases averaging 4¢ an hour. Spread over all workers, the increases average 1.2¢ an hour.

The blanket adjustment authorization was made in connection with cases involving three yards—New York Shipbuilding Corp., Camden, N. J.; Mary-



Pennsylvania is cutting taxes . . . but the burden of Federal taxation may have a determining effect on your profit and loss for years to come.

Where will you look for savings to make up for the tax burden?

The best place is in costs of distribution. One of the many items that make up the cost of distribution is transportation and many a company is paying transportation costs it should not tolerate.

Many companies buy raw materials or partially-finished materials in Pennsylvania and haul them

away from their natural markets to process or fabricate them.

Eliminate such costly "back hauls" from your business. Put your plant or one of your branches in Pennsylvania, close to raw materials sources and close to the rich eastern seaboard market.

The State Department of Commerce, Harrisburg, Pa., will have its representatives work directly with you to get any information you want on raw materials, costs, labor supplies, taxes, freight rates, plant sites, etc. Write, wire or phone.

Department of Commerce, Harrisburg, Pa.

Pennsylvania

EDWARD MARTIN
Governor

FLOYD CHALFANT
Secretary of Commerce

Pennsylvania—a fine place to live, a fine place to be in business

AN OLD MIRACLE THAT IS STILL MODERN

Modern miracles — plywood stronger than steel, glass that bends . . . and a host of other marvels of science, are daily capturing American imaginations.

Yet in your everyday business you are in contact with one of the oldest marvels of modern life — cotton fiber paper. Through all the advances in paper manufacture, no better, practical basic material than cotton has ever been found for the making of high grade papers.

For nearly a century Parsons cotton fiber papers have been serving American business. Cotton fiber papers give you clean, fast work, impressive appearance, and permanence for important records.

Write today for Demonstration Folder of these superior business papers and see how they can be used in your business.

PARSONS PAPER COMPANY
Holyoke, Massachusetts

Parsons Paper

Specialized for Modern Business

land Drydock Co., Baltimore, Md.; and Federal Shipbuilding & Dry Dock Co., Kearny, N. J.—but will be applied to the others, too.

• **The Changes**—The following rules guided the changes:

(1) Rates for common labor were generally retained at existing levels.

(2) The standard first-class mechanic rate was retained at \$1.20 an hour.

(3) Rates close to the \$1.20 top rate have been adjusted slightly.

(4) Lower rates—particularly below \$1 an hour—are being established on an area or case-by-case basis, with particular regard to local practice.

(5) No new rates above \$1.20 have been approved (slightly higher rates for leaders have been in existence).

(6) Wage adjustments made are not expected to have an appreciable effect on production costs or to unstabilize area rates.

Other wrinkles of the decision include:

(1) Denial of a union request for additional payments for hazardous work.

(2) Wage contracts may be reopened for any change in stabilization policy permitting further increases.

(3) The reclassification is not to reduce anyone's pay.

• **Dissent Registered**—Industry members dissented on the ground that the changes "violated both the letter and spirit of the national wage stabilization law," and because "the entire approach to this problem has been opportunistic, theoretical, and completely unsound."

Labor members, although voting with public members to make a majority, said they thought the shipworkers could have been granted larger adjustments.

FREE INSURANCE PLANNED

For the present at least Rhode Island isn't to have the compulsory hospitalization insurance law advocated by Gov. J. Howard McGrath when the 1944 session of the legislature convened (BW—Jan. 15'44, p43).

But McGrath hasn't abandoned the idea. The committee he appointed to study the proposal encountered too many hurdles to permit a report at the 1944 session, but it is continuing the studies for next year.

In the meantime, McGrath has a bill in the legislature appropriating \$40,000 to pay premiums for the 4,500 state employees for one year. Rhode Island's 39 cities and towns would be permitted to enroll their employees, and the employees would be urged to enroll their dependents at their own expense.

McGrath hopes that this and other missionary steps may so intrench the principle of hospitalization insurance that little opposition will arise if the compulsory measure comes up for vote next year.

Pay Lid Flouted

Under guise of furnishing engineering service, Detroit firms supply skilled workers to clients at black market wage rates.

Aggressive moves are under way in Detroit and Washington to break up a type of "labor black marketing" which has resulted in widespread violations of wage ceilings.

• **Prosecutions Planned**—The method employed for circumvention of wage ceilings is through use of engineering firms whose actual function is labor brokerage. Edward L. Cushman, Michigan director of the War Manpower Commission, said that about 100 of Detroit's 150 engineering firms have practiced labor brokerage and that some will be prosecuted.

Engineering firms engaged in such operations have a double advantage over companies trying to hire men directly. First, as concerns producing special work, they may pay their employees a higher wage—20¢ an hour or so—than companies doing production work.

Second, they can send their employees to out-of-town jobs and pay the men a \$6 per diem expense in addition to their wages, plus travel expense to and from Detroit at regular intervals.

• **It's Tax-Exempt**—This \$6 per diem maintenance has an added advantage. As an expense item, it is not subject to income tax, which provides an added inducement to the worker. Actually, it is said that many workers so engaged simply move their belongings to the new city and live there on a permanent basis while they continue to collect the expense money.

Hiring and use of employees by an engineering firm for its own needs is perfectly legal on this basis. But, maintains WMC, many employees hired by certain engineering firms never actually work for the companies which pay them. Instead, they are farmed out to production plants on a cost-plus-fee basis.

The engineering firm thus makes a profit on the man's time, and the production firm which obtains him on "subcontract" charges the expense back to the government, thereby meeting the excess expense and obtaining necessary manpower.

• **\$250,000 a Year**—Details on the first case of this type to be prosecuted have been sent by Cushman to Edward R. Teple, regional WMC attorney at Cleveland. The name of the offending company was not made public. Cushman described it as functioning only

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2, 1944

IRON HORSES OF STAINLESS STEEL...



for the NEW ERA in Transportation!

American railroads are planning now for a new era in transportation after the war. To meet the demands of a travel-conscious public, they will undertake ambitious programs of modernization: the designing and construction of high-speed, ultra-modern and luxurious trains, made possible by the use of the unusual properties of Stainless Steel. • Stainless Steel combines the outstanding

qualities of beauty with great strength and resistance to corrosion, thereby permitting maximum safety and efficiency at extremely low maintenance cost. • When fleets of new streamliners of gleaming Stainless Steel flash across the miles — Rustless will be doing its part in promoting the comfort and safety of railroad passengers.

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★ the song of motors in the sky ★

This stern, resonant chant of American will-to-win is the battle hymn of courageous young men meeting death and the homing song for a mission accomplished. Its notes come from millions of Americans in thousands of plants throughout the nation. And the Allen organization contributes some of them. As the demands of war are relinquished, the entire Allen production capacities will be re-directed to making dependable business machines.

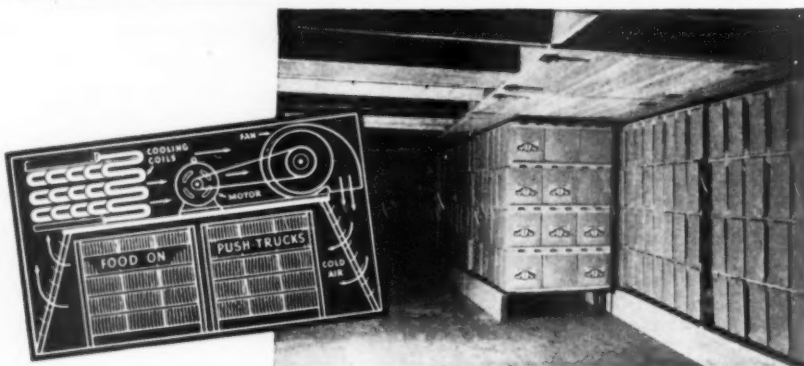


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Frozen Food Packers Prefer



Typical of the hundreds of big packing plants doing quick-freezing is that of the C. H. Musselman Co. at Biglerville, Penna., where fresh apples, berries, and other fruits are handled by the thousands of pounds. This firm chose Frick-freezing Equipment after using Frick Refrigeration in its several plants for nearly ten years.

Frick-freezers are setting the pace in revolutionizing the food industries! We believe more foods are already being frozen with them than by any other method. Let us give you the whole story: write for Bulletin 147.

Frick Co., Waynesboro, Penna.

Refrigeration

as a small office in Detroit, supplying no actual engineering service, and netting itself \$250,000 yearly.

Beyond the projected prosecutions of known offenders, government procurement agencies, in cooperation with WMC and the National War Labor Board, are taking steps to close loopholes in wage stabilization which make it possible to flout the ceiling.

Some of the largest war contracts in the country are said to have been labor from engineering companies. At a recent Truman committee hearing, Andrew J. Higgins, the New Orleans bridge builder, complained that his engineering expense had been increased from \$7,000 to \$105,000 a week because of labor brokerage expense.

• **Code of Ethics**—The tool and commission of NWLB at Detroit has been studying the problem in conjunction with WMC for the past several weeks. Kurt Anderson, committee chairman, said steps are being taken to impose penalties for wage violations. NWLB has about 40 companies under investigation.

NWLB's moves can be expected to be made in two directions. First, efforts will be made to invalidate as government expense claims all wages paid by war contractors declared in excess of ceiling rates.

Second, NWLB is seeking tighter control over engineering firm employees and plans to define clearly where their work spheres begin and end. Under the code of ethical practices, legitimate engineering companies will be able to function freely, while those concerned with procuring of labor will be stopped.

• **Limitation Is Possible**—Forthcoming rules might limit the number of engineering firm workers which could be sent out of town on jobs. The employees so qualified would have to work under supervision of the engineering firm rather than under supervision of the company which contracted for the service. In that way, they could not be assigned to ordinary machine work rather than bona fide design and engineering work.

• **Guarding the Know-How**—Legitimate Detroit engineering companies have interest in the affair beyond the legal and moral aspects of the situation.

They constitute the largest center of engineering service in the country. If their skilled help—tool designers, tool makers, machine designers, estimators, and the like—gravitate out of town and are ultimately absorbed by other Detroit firms, the know-how which their chief stock in trade will be dissipated to the point where it will affect their standing.

• **Upgrading Dodge**—So far, Cushman says, about 1,000 skilled men have been

supplied out of town in violation of wage
ization rates. This is a substantial
portion of workers qualified for legiti-
ate engineering service. Some of these
men, actually, have not been qualified,
but instead have been upgraded from
the status of production workers on pre-
war machines to that of higher bracket
men.
These men then do not actually do
tool design and specialty jobs called
for by their pay scales, but instead are
sent away to work on the same machines
they have been operating, only at a con-
siderably inflated income.

PLANT SEIZURES ORDERED

In directing the Secretary of War to
take over the Ken-Rad Tube & Lamp
Corp. of Owensboro, Ky., and the Sec-
retary of the Navy to seize the Bridge-
port (Conn.) plant of Jenkins Bros.,
the White House cracked down
for the sixth and seventh times on
employers who refused to acknowledge
the authority of the Administration's
designating labor agency.

The National War Labor Board had
ordered both firms to raise what were
considered substandard wages and make
proactive wage payments. Both had
refused, and, as a result of last week's
action, employees in both companies
will get what the board said they should
have out of current income under gov-
ernment operation.

The two new federal acquisitions
bring to 23 the number of war plants
including the coal mines and the rail-
roads which have been taken over by
the government (BW—Dec. 25 '43, p. 28)
because of labor or management trouble.
Of these, seven involved employer defi-
ance of NWLB or its predecessor, the
National Defense Mediation Board.
Until last week only one, the Toledo,
Ohio, & Western R.R., was still in gov-
ernment hands.

LABOR PRESS DIGESTED

Aware of the increased importance
which employers are attaching to the
grievance matter of their employees, a new
publication called the D.M. Digest be-
gan taking annual subscriptions this
week. The D.M. Digest (the initials
are those of its publishers) is designed
for laboring to management, in precise form,
the gist of the labor, left-wing, and
right-wing press. After a few experimental
issues which are reported to have met
with enthusiastic response, the Digest
is established on a fortnightly basis.
The publication abstracts significant
editorial opinion expressed in the more
than 600 papers which are the official
organs of the A.F.L., C.I.O., railroad
unions, and national and local



**SPEEDING
Output of 81mm.
Projectiles**



Signal Corps Photo

**... by building standard low-cost
DELTA DRILL PRESS units into this
triple-operation machine**

Here is a typical illustration of how
your engineers can devise a high-
production special-purpose unit
built around standard low-cost Delta
machines — eliminating the neces-
sity for large, costly special ma-
chines that may become obsolete
with the next change in product
design.

This triple-operation unit, made
up of standard Delta Drill Press
parts, reams and seats the end of an
81 mm. projectile—taps a large size

hole and finally taps a small size
hole. The three tools are changed
in rapid succession in a quick-acting
chuck, and a stop rod automatically
reverses the motor and backs out the
tool.

Probably your own engineers can
develop simple, safe, satisfactory
production-line units along similar
lines — using stock-model Deltas
in units, batteries, and special set-
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**140 case histories from war-production —
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Ingenious combinations of low-cost stock-model Delta
tools — devised by production men in America's leading
war plants. This new free book pictures and describes a
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**DELTA
MILWAUKEE
Machine Tools**

unions. The readership of this press, which is the medium for transmitting policy and indoctrinating the rank-and-file union member with the official line (BW—Oct. 5 '40, p. 57), has been estimated at over 10,000,000.

Thus far the Digest has, with the exception of one issue given over largely to the Negro press, concentrated on union papers. It is also planned, however, to analyze radical newspapers, farm publications, and liberal magazines in subsequent issues.

The D.M. Digest is published by Martin Dodge and Carlton K. Matson, 2216 RKO Bldg., New York City. Subscription is \$30 a year.

RECREATION PLAN URGED

Only three out of 1,000 women war workers in Chicago can chin themselves, and this sobering fact was reported with some concern at the recent conference

of the Industrial Recreation Assn. in Chicago.

Author of the report was Purdue University's Dr. Floyd R. Eastwood, president and spark plug of the association and probably the world's only Professor of Industrial Recreation.

What the report was intended to convey to the 250 industrial recreation leaders who attended the conference was that lack of the right kind of exercise is pushing the women in industry perilously close to breaking down on their war jobs.

Eastwood also made the point that a well-ordered recreation program after the war could help workers to use their leisure profitably, give them something to do besides gripe during layoffs, help returning veterans to readjust themselves, and "enrich" employer-employee relations.

That business management is not passing up any bets was evident from

the fact that 100 top-flight companies sent representatives to the conference. Many firms are convinced by experience that intelligently directed recreation pays dividends. Best evidence of the faith is that the association has grown from 38 charter members in 1941 to 168 members now.

HANDS ABOVE THE TABLE

The Treasury Dept. bestows a benevolent wink on the pay-check poker fad, as it has turned its Secret Service operatives loose on players who stack cards. The winner of a workers' pay is determined by the best poker-hand combination of digits in the serial numbers on pay checks. What upsets the Treasury is that too many government checks have been coming back with the serial numbers altered to make the houses to the great confusion of accountants.

World Labor Parley Tackles Five-Point Program

Representing the United States at the 26th conference of the International Labor Organization—the only permanent League of Nations agency in which this country has membership—are (left to right below) Henry L. Harriman, vice-chairman of the New England Power Assn. and former president of the U. S. Chamber of Commerce; Frances Perkins, Secretary of Labor; Sen. Elbert D. Thomas of Utah, chairman of the Senate Committee on Education & Labor; and Robert J. Watt, international representative of the American Federation of Labor.

• **40 Nations Expected**—The I.L.O. meetings opened this week in Philadelphia, will probably last at least three weeks. Sixty governments are member states in the I.L.O. but

some, like Hungary, Albania, and Thailand, are not expected—for obvious reasons—to have representatives there. Attendance of delegates from 40 nations before the conference ends would make it as representative as could be hoped for in wartime.

Under the I.L.O. charter, member states are represented at a conference by two spokesmen for government, one for employers, and one for labor. Each is backstopped by an imposing galaxy of "advisers." Harriman's group includes Henry S. Dennison of the Dennison Mfg. Co.; Marion B. Folsom, treasurer of Eastman Kodak Co.; Clarence C. McDavitt, former vice-president of the New England Telephone & Telegraph Co.; Robert West, president of Esmond Mills, Inc.; and Charles S.

Redding of Leeds & Northrup Co.

• **The Program**—Of prime interest to American business because of its considerable influence in determining international labor standards which, derivatively, affect prices and international trade relationships, the current I.L.O. meeting is addressing itself to a five-point, postwar planning agenda. Before the delegates are matters concerning (1) the future policy program and status of the I.L.O.; (2) recommendations to United Nations for present and postwar social policy; (3) the organization of employment in the transition from war to peace; (4) social security—principles and problems arising out of the war; and (5) minimum standards of social policy in dependent countries.



HOW MUCH DOES A POUND OF STEAM COST YOU?

MANUFACTURING COST SHEET

LABOR ----- \$92
 MATERIALS ----- 3
 STEAM ----- ?
 CONTAINERS -----
 REPAIRS ----- 21
 DEPRECIATION ----- 8

PLAN NOW FOR POST WAR COMPETITIVE CONDITIONS

THERE'S many an "if" and "but" involved in any plant manager's plans for a safe return to the production of civilian goods. Two things, however, are certain: post-war competition will be severe, and the man who can produce the best quality product at the lowest cost will be the one who will climb to the top of the scramble!

STEAM is an important "raw material" item on any plant's production cost sheet, yet its "price" varies

greatly, depending upon the efficiency of the individual boiler plant. *How much does a pound of steam cost you?* In a competitive struggle lower steam costs may well make all the difference between a healthy profit and no profit at all.

TODAY many factories and commercial buildings are already enjoying low-cost steam production with TODD burners. Investigate *your* combustion equipment *now*—compile specifications for improvements that will lower over-all manufacturing costs. Be ready to take advantage of the first opportunity to secure TODD burners. TODD engineers will be glad to make an impartial survey of your boiler plant!

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Bacteria Gus is a mean little cuss—
Spreading ailments that
start with a sneeze;
He'd pass on the flu
From cup lip to you,
Except when you use one of these!

AJAX ▶
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Divisions of
**UNITED STATES
ENVELOPE CO.**

13 Plants from Coast to Coast

Up to Roosevelt

Diversity of union support
in Ward strike forces showdown
on NWLB authority, and only the
President can break the jam.

The fact that President Roosevelt, as the White House reported it, had "gone south to relax" was the official reason offered for delay in handling the three-cornered Montgomery Ward-government-union dispute which had flared into the nation's most unusual wartime strike.

• **NWLB Sanction?**—Two things made the work stoppage in Chicago unique.

First, the union claimed to have the sanction of the National War Labor Board, an agency which heretofore has had hair-trigger reactions when strikes break out. Wires, telephone messages, and even special emissaries are dispatched immediately by the board when a strike occurs, and all possible pressure is brought to bear to end walkouts.

But more than a week had gone by and C.I.O.'s United Retail, Wholesale & Department Store Employees Union had not even received a routine communication from NWLB requesting that it put its members back to work.

• **Wide Support**—Second, when the U.R.W.&D.S.E. called the strike—dis-

daining the strategem of labeling "wildcat," "spontaneous," or "unofficial"—all sections of organized labor put the "no-strike" pledge on ice and moved to back up the strikers.

Thus, such diverse labor organizations as the trainmen, one of the railroad brotherhoods, ordered its members not to handle any new business at Ward A.F.L.'s teamsters refused to drive through the picket line; the strictly independent Illinois Union of Telephone Workers instructed its members to stay out of the struck property; the striking union's bitter rival, A.F.L.'s Building Service Employees Union, announced its support for the walkout and made financial contributions—all this in addition to widespread but not unexpected support from other C.I.O. unions.

• **Issues Cited**—What coalesced the dissimilar labor groups was what struck NWLB's hand: the issues involved the dispute. Montgomery Ward & Co. repeatedly had refused to acknowledge government authority to settle wartime union-management disagreements. U.R.W.&D.S.E. stated that its strike demand was that the company accept NWLB's unanimous order "restore the status quo" in its employment relations.

The board meant that Ward was to renew a contract which expired last December under which the union had recognition, a voice in grievance handling.



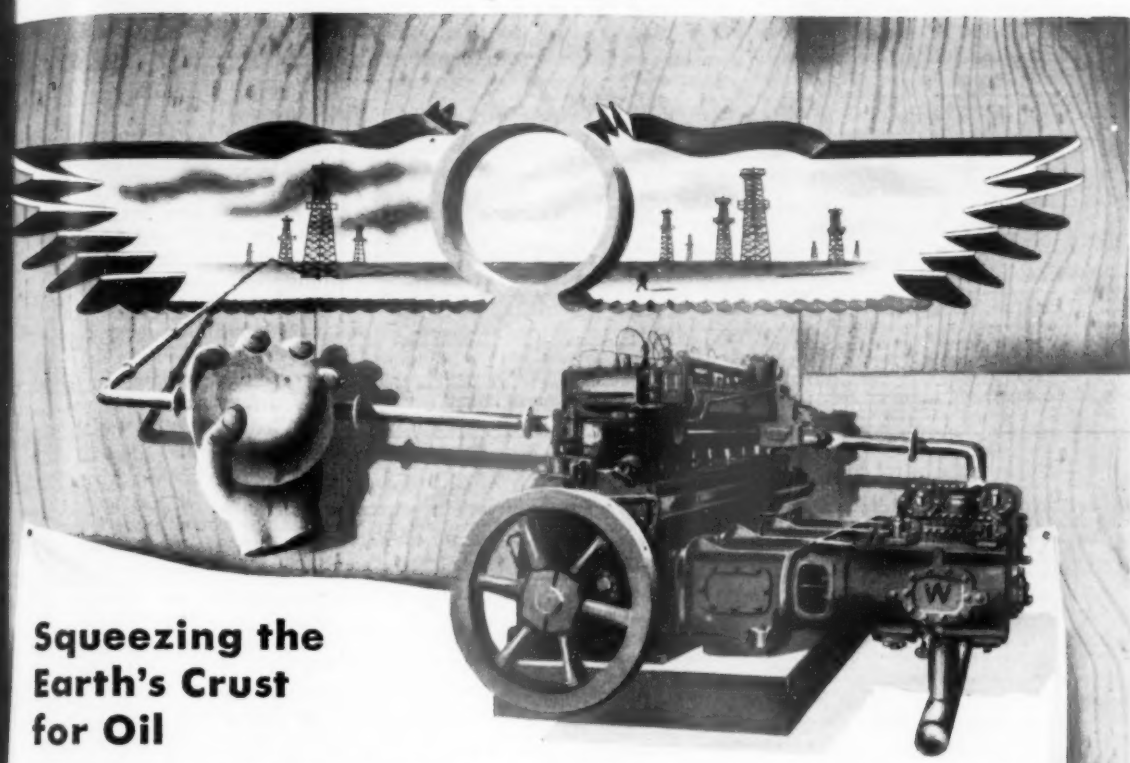
C.I.O. picket lines appear in front of Montgomery Ward's in Chicago at outgrowth of the dispute involving the company's defiance of NWLB.

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Squeezing the Earth's Crust for Oil

This machine presses cubic miles of natural gas in its palm and hurls it down an oil well. This puts pressure on the relaxed sands from which oil has already been taken; it "squeezes" extra barrels of the precious stuff into the cavities of neighboring wells.

The Worthington Gas Engine-Compressor is only one among many machines bearing the Worthington "scarab" trademark working to relieve the war-caused oil-pinch. Worthington pumps, compressors, Diesel and

gas engines, refrigeration equipment, liquid meters and other equipment handle and process oil's versatile liquids and gases from oil field to consumer.

Worthington supplies more of more kinds of machines to petroleum industries than any other firm. So also in shipbuilding, chemicals, synthetic rubber, explosives, air conditioning—Worthington is in this fight every step of the way. *Worthington Pump and Machinery Corporation, Harrison, New Jersey.*



At home, fuel oil is not the only commodity brought to you with the aid of Worthington machines. Switch on the light!—Worthington Diesel engines and steam generating equipment help produce the electricity that flows to the bulb. Turn the faucet!—big Worthington pumps send water to the tap. Another glimpse of Worthington at work behind the home and war production fronts.



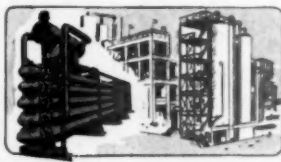
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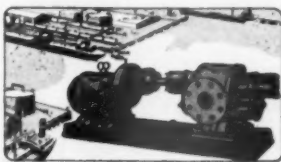
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Worthington on the Pipelines
Oil moving through pipelines is engineering skill, as well as machines. Worthington central power pumps, often driven by gas or Diesel engines, do the job of transporting the vital oil over hills and valleys across the



Worthington at the Refineries
Here, crude oil is processed at various temperatures and pressures into products used for fuel, lubricants and raw materials for explosives, synthetic rubber, etc. With power plant and refrigerating equipment, pumps, compressors, condensers, Worthington supplies a large percentage of all refinery machines.

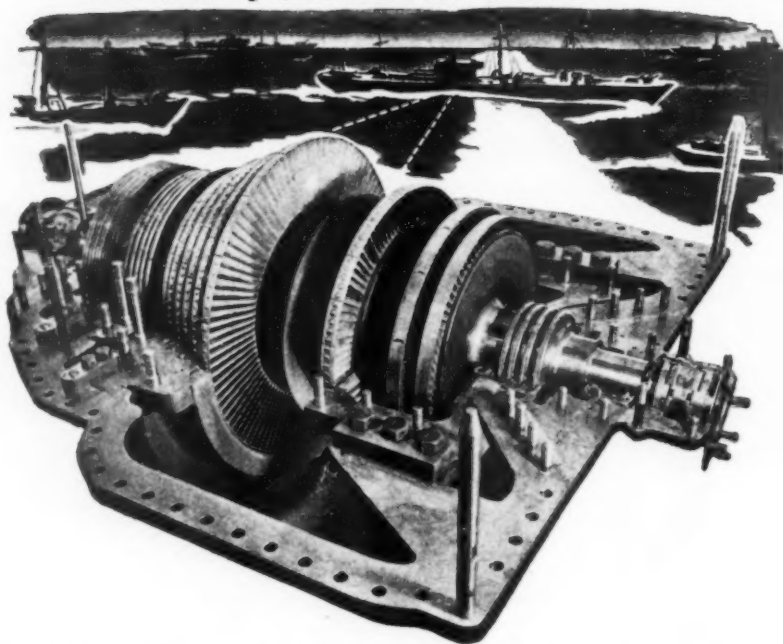


Worthington at the Dock
Worthington not only builds feedwater heaters for locomotives that draw tank cars to the docks; it also helps pump oil and aviation gasoline into and out of the tankers.
Worthington supplies the majority of pumps and compressors for tankers being built today.



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It takes vast quantities of coke, made from oil, to produce aluminum for planes. Worthington Hydraulic Decokers speedily remove the coke from the coking chamber. Thus a Flying Fortress' metal, as well as its fuel, is produced with the help of Worthington machines.

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The blades in a Liberty Ship turbine must withstand a continuous bombardment by stinging jets of superheated, erosive steam . . . 24 hours a day, week after week, on the Atlantic run. Add to that the natural corrosion factors and the strain of whirling at 4662 rpm and you have a job that can be handled best by *Stainless Steel!*

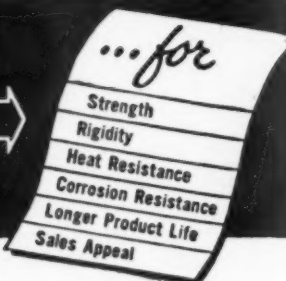
More and more, Carpenter *Stainless Steels* are being chosen for applications that require a combination of corrosion and heat resistance, special physicals and a high strength/weight ratio. Whether it's in turbine blades, valves,

precision instruments or in countless vital parts for war weapons, Carpenter *Stainless* is doing the job better and reducing fabrication costs.

These special advantages of Carpenter Stainless Steel can give your new or re-designed products longer life, greater utility, gleaming sales appeal. Combine your design-engineering knowledge with Carpenter's experience, gained through years of helping designers and fabricators of *Stainless* parts. Together we can build the greatest utility and sales appeal into your post-war products.

The Carpenter Steel Company, Reading, Pa.

Carpenter STAINLESS STEELS



BRANCHES AT
Chicago, Cleveland, Detroit, Hartford,
St. Louis, Indianapolis, New York, Philadelphia

ding, security, and other orthodox fits. Through its board chairman Sewell Avery, Ward reported that board's order was illegal and that union had not proved its representation rights.

• **They Tangled Before**—Meaning the tardy reaction of Roosevelt, whom the whole matter had been referred for action, was being attributed to more than sun bathing. He tangled with Avery two years before under not very different circumstances (BW—Dec. 12 '42, p. 7). And as trusted with his former problem, Montgomery Ward, the situation faced this week had an added factor: the strike.

What the President had to do was not simple. Above all else, the authority of his war labor board had to be upheld if it was going to continue to function; nothing could be allowed to weaken it as it headed into a showdown over the Little Steel formula. The question was how to uphold the board.

• **Not a War Industry**—Government seizure was the easiest solution for the President, but Ward is not a government contractor, not a war material. Taken over, it would be of no more use to the Army, the Navy, or any other government agency which has previously been utilized as a government contractor.

Under the management of WFB, would be an embarrassment to Douglas Nelson, who is still executive vice president on leave from the company. Sears, Roebuck & Co. Commerce Secretary Jesse Jones was reported to have stated that he didn't want to put the department into the mail-order business.

Other punitive devices short of seizure involving a change in management were investigated for their legality by the Justice Dept. Among them was suspension of mailing privileges, restriction of tire and gas rations, denial of railway express use, bans on purchase of war-short items like wrapping paper and building maintenance materials, and curtailment of the company's supply of electric current.

• **Oblique Measures**—The indirect nature of the sanctions open to the government highlighted the fact that, in situations where no war contracts exist, any enforcement procedure must be necessarily oblique.

Despite that, however, Washington was certain at midweek that the President could not afford to delay any longer, that the striking union could expect some token punishment. Ward could look in vain for any relief when Roosevelt's decision came through.

THE WAR AND BUSINESS ABROAD

BUSINESS WEEK

22, 1944



Behind the apparent preinvasion calm, there is feverish activity—on both the military and diplomatic level—in every major country.

Sweden will be subjected to mounting pressure from both London and Washington to slash its deliveries to Germany—particularly of ball bearings and high-grade steel.

Sweden might even be pushed into the war at the last minute if Finland makes peace with the Russians. Rather than see the Germans occupy the strategic Aaland Islands, which they might do to protect their shipping in the Baltic, Stockholm might grab them. This, presumably, would forestall any Soviet occupation west of Finland.

Spain—unquestionably the biggest headache among the neutrals—is virtually a conveyor belt for vast stores of vital information which flows regularly from Buenos Aires to Berlin.

Nevertheless, no drastic change in policy is expected. Both Washington and London still fear that if they force Franco out of power, the resulting political upheaval would be worse than the present situation.

Some of those people who have reluctantly accepted the State Dept.'s supine stand on Spain, however, are shocked to discover that it has gone so far as to encourage U. S. representation in the Barcelona International Fair, opening June 10. Nearly 40 U. S. commercial firms are scheduled to participate.

Keep an eye on Turkey. If the Russians break through massed Nazi forces along the narrow plain between the Carpathians and the Black Sea (BW—Apr. 8'44, p21), Axis resistance in Bulgaria will crumble rapidly.

Significance: With Germany pushed out of Bulgaria, Turkey would almost surely be forced by the Allies to open the Dardanelles as a supply route to Russia, thus short-cutting the long haul to the Persian Gulf (BW—Oct. 30'43, p48).

Victor Emmanuel's agreement to evacuate the Italian throne in favor of his son is meaningless, because both Washington and London consider Humbert weak and treacherous.

Aware that their diplomatic strategy in Italy has been even more of a failure than in North Africa, the Allies are belatedly making a political cleanup and overhauling their plans for establishing more acceptable civilian governments in the countries still to be liberated.

Current feverish diplomatic activity around headquarters of the Greek and Yugoslav exile governments in Cairo reflects new Allied demands for officials acceptable to populations in the homelands.

Recent conciliatory moves by King George of Greece are likely to get him nowhere. Moscow is antagonistic to the old regimes in Greece, Bulgaria, Yugoslavia, Rumania, and Poland—and none is likely to survive.

Aware that Russia is determined to rebuild eastern Europe along new social and economic patterns, small nations in other parts of the world are showing a new interest in linking their economic future to some one or another of the great powers.

At the pending Conference of Prime Ministers, in London, Ottawa has already

THE WAR AND BUSINESS ABROAD (Continued)

BUSINESS WEEK

APRIL 22, 1944

made it clear that Canada has no desire to enter the airtight sterling bloc now advocated by an influential group in England. Its future economic ties with Russia and the U. S. are too promising to accept the restrictions of a bloc which does not include them.

Australia and New Zealand, alarmed at the minor role Britain has so far played in the Battle of the Pacific and at the prospect that the U. S. will undoubtedly dominate postwar Pacific affairs—both economic and military, are likely also to resist joining any tight sterling bloc.

Don't overlook Canada's new bid for an increased share in Latin-American trade.

With a string of newly opened legations stretching through South America, and with carefully selected, French-speaking Canadians manning them, the Dominion is quietly building prestige and diplomatic standing which will place it in an advantageous position to do business with South America after the war.

Argentina is suddenly worried lest mounting political tension between Buenos Aires and Washington interfere with a highly profitable export business it has developed over the last four years.

Most spectacular gain in this newly developed business is the exportation of minerals which jumped from 1,400 tons in 1939 to nearly 74,000 last year (mainly tungsten).

Cheese jumped into the limelight when U. S. purchases jumped from 1,100 to more than 11,000 tons.

Frozen poultry (chickens and turkeys) zoomed from a skimpy 53 tons to nearly 2,400.

Alcoholic beverages—not even on the list in 1939—passed 1,700 tons last year.

And, proving that the Far East may have a new competitor in Latin America, Argentina has jumped into the market and sold the U. S. more than 122 tons of **spices** in the last year.

Brazil will soon begin bargaining in this market for railroad electrification equipment.

The country's General Transport Planning Board, in a new survey, declares that, in mountainous Brazil, where there is also a shortage of domestic coal, steam railroads cannot provide as economic transport as electric traction.

At present, only 450 miles (2%) of Brazil's railroads are electrified.

Latin Americans are systematically reducing foreign financial control of domestic business.

Following the move by Cali, Colombia's fourth largest city, to buy full control of its U. S.-owned local power plant, Buenos Aires this week ordered the expropriation of the city's British-owned gas plant, and payment of \$1,126,676 for a 90-year-old property capitalized in London at \$16,000,000.

Next move, according to Buenos Aires, will be the nationalization of British-owned railways in Argentina, using wartime accumulations of blocked sterling, now estimated to amount to nearly £50,000,000, to make initial payments and new domestic bond issues to cover the balance.

Caribbean Future

Economic expansion plans
Anglo-American Commission
vision industrial development,
to agriculture and labor.

BRIDGETOWN, BARBADOS—Headed American businessmen, who have their hands full with problems of supplies, taxation, reconversion and the like, may not be fully aware of the growing movement in the Caribbean area to improve the economy of this traditionally backward section.

Under Spotlight—But bold, new ideas are being placed under a spotlight by suave Brits and bustling Americans, working together under the benign aegis of the Anglo-American Caribbean Commission (BW—Feb. 26 '44, p. 120) in its first formal congress, mark a new high in international cooperation in this hemisphere. If they are effectuated, the American businessman will one day have reason to be very interested indeed.

The Goal—The ten American and British islands or continental colonies already working together under the commission's leadership have a combined area of 113,813 square miles, a population of 4,683,600, and, in 1940, exports totaling \$216,375,000 and imports of \$167,950,000.

If, as the Commission would like, the cooperative effort eventually encompasses the Dutch possessions of Curacao and Surinam, the French colonies of Guadeloupe, Martinique, and French Guiana, and the three big independent Caribbean nations—Cuba, Haiti, the Dominican Republic—the area will soar to 278,013 square miles; population, 14,538,600; imports, \$372,775,000; and exports, \$348,750,000.

War Speeds Changes—Headed by Charles W. Taussig for the United States and cautious, slow-moving Sir Frank W. Stockdale for Great Britain, the Anglo-American Caribbean Commission was formed by the two big powers when the acquisition of United States bases on many of the British Caribbean possessions posed new problems of wartime international cooperation. Now it is ready for a look at the future.

The war has forced economic developments in the Caribbean which might have come very slowly under ordinary conditions: the production of chrome, manganese, and nickel in Cuba; tungsten from the Isle of Pines; increased bauxite output from the Guianas and Jamaica; vastly increased petroleum refining at Trinidad, Aruba, and Curacao; cryptostegia and sisal rope

from Haiti; loofah sponges from Cuba and the Dominican Republic; dehydrated sweet potatoes and beets from Cuba; cement and, in the near future, glass bottles from Puerto Rico; and a burgeoning fishing industry throughout the Caribbean.

• **Political Progress**—Important political progress has also been made during the last three years.

Queen Wilhelmina has promised the postwar establishment of a Netherlands commonwealth to include Surinam and Curacao in the West Indies. The British Government is offering Jamaica universal adult suffrage and a new constitution. And the American Congress is

still toying with a reform measure which would give Puerto Rico an elective governor and a greater degree of self-government.

• **Recommendations**—The conference, recognizing that economic progress can come only if carefully planned, recommended certain governmental guarantees:

(1) Assured markets for selected food products at prices which will encourage production.

(2) Schemes for the processing, storing, marketing, and distributing of food crops and commodities where such facilities are not available.

(3) Provision of agricultural credit to



Despite German demolition and the effects of battle, the electric power system of southern Italy is being rapidly returned to operation by skilled American and British army engineers.

First job of the engineers is installation of portable generators of 1½ to 50 kw. capacity. Next, after assaying damage and requirements, they go to work on local facilities—generally a hasty makeshift job with few frills.

Later, when local replacement stocks can be located and skilled labor

employed, more adequate and lasting facilities can be installed.

Although Naples and a few other port cities have important thermoelectric stations, Mussolini's autarky program called for less and less use of imported coal and development of hydro stations in southern Italy. Existence of this new network made it easier for the Allies to divert power north to Naples where it was urgently needed by the Army, and saved costly (tonnagewise) coal imports.

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TO A
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agencies sponsored by the governments concerned.

(4) Continuation after the war of emergency measures for the bulk purchase and sale of basic foodstuffs, wherever such government enterprise is clearly of benefit to both producers and consumers.

(5) Making available supplies of selected seeds and plant stock, agricultural implements, and improved strains of livestock.

• **Fishery Resources**—Before the war, salt fish imports to the area were equivalent to one pound of fish a person per week. Fresh fish caught locally added roughly another quarter of a pound per person. Because of war conditions, only half the normal quantity of salt fish has been imported, causing a still greater shortage of protein food.

New fishing areas must be explored and developed, as has been started in Jamaica and Puerto Rico. One exploratory survey immediately recommended is in the southern Bahamas and Caicos areas.

• **Marketing**—Throughout the Caribbean, the marketing of fish is a haphazard proposition. The conferees decided that the successful expansion of the fishing industry must be supported by:

(1) Efforts to popularize species of proved food value not at present fully appreciated, as for instance, some varieties of "skinfish" in British Guiana.

(2) Development, with government aid when necessary, of better wet and dry salting methods.

(3) Continuance of emergency government price control as long as necessary.

(4) Placing of fishing gear under the same favorable customs duties as agricultural equipment.

(5) Formation of fishing cooperatives, including education, guidance, marketing schemes, credit and savings, and mutual insurance—this latter, perhaps, with government assistance.

(6) Appointment of fishery officers in all territories.

(7) Compilation of regional, uniform statistics.

• **Public Projects**—Normal industrial enterprise has been curtailed sharply during the war by the shortages of materials, but the resulting slack in employment has been absorbed to a large extent in most areas by military and naval construction.

Now that the defense projects have leveled off, unemployment is again becoming an acute problem. The area has few war industries and, except for its booming rum exports, has not shared the prosperity wave which has hit the United States.

Public works for the Caribbean are an urgent matter for the present, not for the future, but the conference agreed that those projects undertaken now must not interfere with the war effort and should depend on locally available

materials to as large extent as possible.

• **Urge Planning Boards**—Envisioned the public works projects for the area are roads, land reclamation and drainage, sea defenses, irrigation, water supply, sewage disposal, harbor improvements, airport construction, power generation and distribution; and building construction projects such as housing, school buildings, community buildings, hospitals, clinics and health centers, public markets and shops, and farm buildings.

To coordinate all the plans for the various projects, the conference recommended the establishment of planning boards in all the territories, to be supervised by a Caribbean Planning Commission which should form a part of the Anglo-American Caribbean Commission.

• **Zoning and Research**—Other specific recommendations include:

(1) Standardized mapping technique and a standard planning nomenclature for the area.

(2) Zoning plans to control the use of the land, a long-term master plan, and short-term development programs.

(3) Minimum standards of space and equipment for all new projects throughout the Caribbean.

(4) Complete topographical contour surveys.

(5) Recruiting of technical personnel from the mother countries.

(6) Inclusion of a clause in all contracts placing an obligation to pay wage rates and maintain hours of labor and working conditions not less favorable than those prevailing locally in the trade or industry concerned.

(7) Research into the standardization of building units in various materials and the possibility of prefabricating such units in the Caribbean area at suitable distribution centers.

• **Industrial Development**—Biggest item on the agenda was industrial development, for here is the weakest spot in the entire Caribbean economic structure.

Handicapped by the lack of natural resources, the area has never developed industrially, but there is a wide range of secondary and local industries which, if properly administered and coordinated with the rest of the West Indian economy, would assist materially in improving the general standard of living.

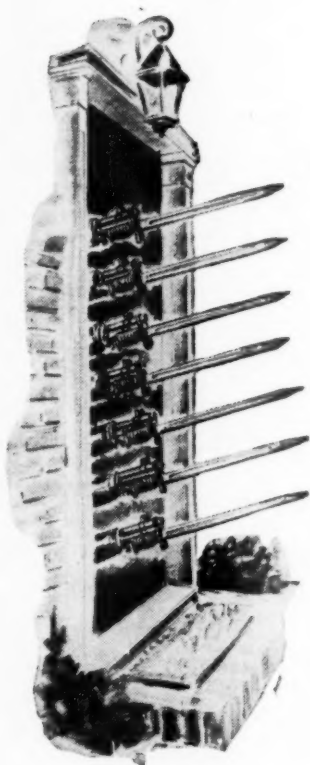
• **Frown on Subsidies**—The conference made it clear that new industries must be those that can survive without continued state assistance, in the form of subsidies, uncontrolled monopoly privileges, or protection against imports.

Two qualifications were added:

(1) Special assistance, by tariff protection or otherwise, may be necessary for a limited period in order to enable a new industry to establish itself.

(2) Industries which could survive if the

The fight on the doorstep



It needs *your help!*

Your part in this fight won't be easy. It will mean foregoing luxuries, perhaps doing without a few necessities. Tough? Maybe . . . but don't say that where the veterans of Italy and New Britain can hear you!

You *want* to do your part, of course. So do we all . . . farmers, laborers, white-collar workers, business executives. And the way to do your part *right* now is to observe the following seven rules for Victory and a prosperous peace . . .

1. Buy only what you NEED. And before you buy anything, remember that patriotic little jingle: "Use it up. Wear it out. Make it do or do without."

2. Keep your OWN prices DOWN! If you sell goods, or your own time and labor, *don't ask for more money* than you absolutely must! No matter who tries to talk you into asking more . . . *don't listen!*

3. No matter how badly you need something . . . never pay more than the posted ceiling price! Don't buy rationed goods without giving up the required coupons. If you do, you're helping the Black Market gang—hurting yourself!

4. Pay your taxes cheerfully! Taxes are the cheapest way to pay for a war! The MORE taxes you pay now—when you have some extra money—the LESS taxes you'll pay later on!

5. Pay off old debts. Don't make any new ones! Get, and stay, square with the world!

6. Start a savings account. Make regular deposits, often! Buy life insurance. Keep your premiums paid up.

7. Buy War Bonds . . . regularly and often! And hold on to them! Don't just buy them with spare cash you can easily do without. Invest every dime and dollar you don't actually NEED . . . even if it *hurts* to give those dimes and dollars up!

**Use it up . . . Wear it out.
Make it do . . . Or do without.**

**HELP
US
KEEP**

PRICES DOWN

THIS WAR can't be won on battlefields alone. One of the most critical campaigns of all must be waged right at the doorstep of every family in America.

This is the fight against higher prices and higher wages. A fight that *must* be won . . . or victories on battlefields are meaningless.

It's like this. In America this year, our total income taxes will be about 133 billion dollars. But there'll be only about 93 billion dollars' worth of goods to spend on. If we all start trying to buy as much as we can, prices will shoot up.

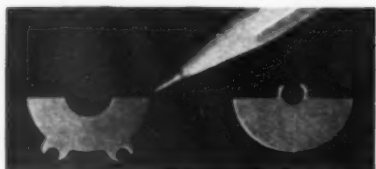
As prices rise, people will ask for—and, in many cases, get—higher wages. That will put up the cost of manufacturing, so up will go prices again. Then we'll need another raise. If we get it, prices rise again. It's a vicious circle.

The Government has done a lot to help keep prices down. It has put ceilings on food and rent . . . has rationed certain articles. But the Government can't do it all alone.

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were not exposed to predatory dumping from the U. S. and Britain should be safeguarded against this practice.

• **Scope of State Aid**—State assistance in creating and fostering new industries was recommended:

(1) By providing research into such matters as the nature and use of local materials, and, in general, the possibility of setting up new industries and expanding existing ones. Research might include the erection of pilot plants at the expense of the state.

(2) By permitting the free entry of machinery, and, wherever desirable, materials for factory processing.

(3) By granting some relief from taxation in order to encourage industrial expansion.

(4) By providing vocational and technical training to increase the supply of skilled workers required for future developments of industry.

(5) By improving road, river, and other transport facilities in order to promote the development of forest and other industries especially in British Honduras and British Guiana.

• **Risky Ventures**—The conference suggested that where private enterprise is unwilling to take the risk of investment on projects defined as desirable, the government might itself provide part or all of the capital.

This principle is already applicable in the Puerto Rican Development Co. which offers 49% of the capital stock in its projects to the private investor, but which furnishes all the capitalization if necessary.

• **More Interest Needed**—This is the ambitious program for developing Caribbean economy agreed upon by the Barbados conference. It will never be really effective, however, until the independent countries—Cuba, Haiti, Santo Domingo—begin to show more interest.

The Netherlands government already has a permanent place on the Caribbean Research Council, may link itself even closer to the commission.

The commission has categorically denied reports which have had wide circulation in certain Caribbean islands that it is interested in cutting down sugar production. "There should be no harmful effects on the sugar industry in increasing the production of other foods. The area cannot get along without a vigorous export crop."

MEXICO LURES HARVESTER

Mexico is likely to have an agricultural machinery industry, American-owned and operated. The five-year plan for industrialization (BW-Apr. 15'44, p120), the ten-year plan for electrification, and railroad and road improvement programs do not ignore Mexican agriculture.

As long ago as last year Mexico made overtures to International Harvester Co.,

promised a hands-off policy and tax concessions granted new machinery if the company would build a plant turn out simple farm implements. When Hans Enrich, Swiss machinery expert and former top in Harvester's Brussels office, visited recently in Mexico, a half-dozen towns claimed to be the site of the industry.

But many a check and balance to such an international transaction must go through the Mexican-American Commission for Economic Cooperation and the Joint Industrial Commission.

The Dept. of Commerce, the Federal Economic Administration, and the Dept. all have their say before and its divisions begin to search necessary materials. Right now Mexican farm implement plant is where along this route. It may soon with a string of O.K.'s—perhaps time to get a good start before the war.

CANADA

Bid for Exports

Canadian business government in alliance to a quick postwar invasion of world's export markets.

OTTAWA—Canadian business making an alliance with government permit a prompt invasion of export markets when war production cuts materialize.

Canadian manufacturers know successful invasion in Europe will lease substantial plant capacity for Canadian goods production (page 15)—enough to satisfy urgent domestic needs permit token exports.

• **Liaison Agency**—On the government side of the postwar trade coalition, ambitious and cooperative Trade Commission Minister James A. Macdonald and his chief of staff, keen, experienced Deputy Minister O. Master.

Their main objective is establishment of Trade & Commerce Dept. as liaison agency between Ottawa businessmen.

• **For Quick Action**—Business front line of seasoned campaign Canadian Chamber of Commerce the Canadian Manufacturers Association two new recruits: the Federation of Heavy Industries and the Canadian

ports' Assn. In supporting positions are a number of industrial and trade associations.

The immediate alliance between business and government is apart from the long-range postwar trade planning of Ottawa. It is organized for quick action pending international agreements on trade, tariffs, and monetary policy.

• **Exporters Organize**—Youngest member of the business team is the Canadian Exporters' Assn., headed by W. J. Weldon, president and export manager of Coleman Lamp & Stove Co. General manager is Alan F. Telfer, former secretary-treasurer of International Business Machines Co., Ltd.

Central aim of the export association is to profit from studies of prewar business-government collaboration experience of other countries and to keep Ottawa informed on assistance and co-operation desired by exporters.

• **Test in May**—Team play between Trade & Commerce Dept. and business will get a test next month when MacKinnon's officials sit down in Hamilton (Ont.) with the Canadian Chamber of Commerce's foreign trade bureau for a two-day conference.

The next get-together will be in Toronto, in June, when Trade & Commerce Dept. officials will meet with the Canadian Manufacturers Assn. at its annual convention.

• **The Incentive**—Ottawa's big incentive for all-out government-business collaboration to promote postwar foreign trade is recognition of the fact that a healthy export market will go a long way toward keeping up the level of the domestic economy—and help to pay for Canada's far-reaching security programs.

APPLIANCE NEEDS LISTED

TORONTO—Electrical home appliance manufacturers were recently given a preview of their postwar markets when the Ontario Hydroelectric Power Commission reported results of a survey of appliances now in use.

Biggest deficiencies revealed—where less than 10% of homes reported appliances in use—were for hot plates, humidifiers, electric grates, furnace blowers, percolators, razors, sun lamps, water heaters, warming pads, hair driers, roasters, and fans.

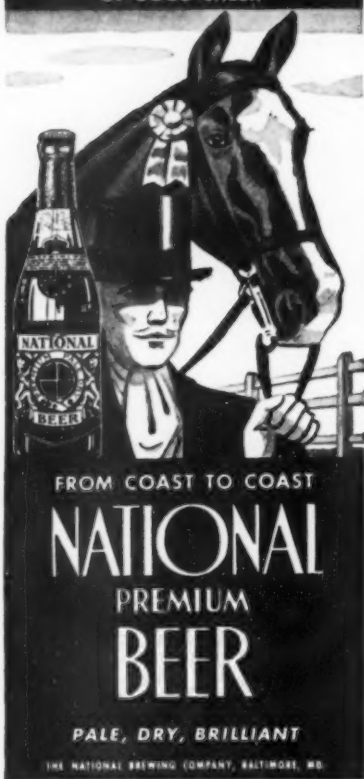
Radios topped all other appliances with more than one in every home; electric irons took second place with 100% of those replying listing the use of an iron. Electric toasters followed with 78.4%; washing machines came fourth with 64%. Just under 40% of the homes reported electric clocks, refrigerators, and vacuum cleaners. Thirty percent have electric stoves.

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THE MARKETS

(FINANCE SECTION—PAGE 72)

Wall Street's already well developed case of invasion jitters started to spread among previously immune investors and traders early this week. Chief causes were the sudden news that the British had clamped a strict censorship on all neutral diplomats stationed in that country, and the implications of the more intensive bombing operations over Europe.

• **ICC Order Issued**—Also accentuating such fears (as well as increasing skepticism about the propriety of present security price levels in the face of so many near-term uncertainties) was the issuance on Tuesday of an Interstate Commerce Commission order extending for the rest of the year the current suspension of the freight rate increases originally granted to the railroads in early 1942.

As a result of these factors, trading on the New York Stock Exchange on Tuesday was featured by another of those sudden rushes of investors and traders to lighten their commitments. And this sudden desire for cash in the bank rather than securities in a safe-deposit box not only sent the volume of trading to above the million-share level for the first time in April but also quickly developed into the worst break in stock and bond prices on the Big Board in many a day.

• **Many Issues Down**—In the wave of selling, railroad stocks and bonds, because of their sharp rise this year, disclosed the greatest setbacks. However, declines were by no means confined to the so-called war securities group.

Actually 802 of the 980 different stocks dealt in on Tuesday (the broadest market seen on the exchange since early last November) disclosed losses. Declines

ranged from one to above three points in the case of many previously popular equity issues and some of the preferreds disclosed drops of as much as five points.

• **Cotton Declines**—Heavy liquidation by Wall Street and New Orleans commission houses precipitated sharp declines as well in cotton prices. Although activity in the grain markets wasn't large, the downtrend in grain prices quickened.

Fortunately for Wall Street's peace of mind the stock, bond, and commodity markets since Tuesday have not been called upon to withstand the pressure of any selling wave such as was experienced then. However, neither stocks nor bonds have been able to show any semblance of a real rally, and on more moderate trading activity, prices have been continuing to creep towards lower levels.

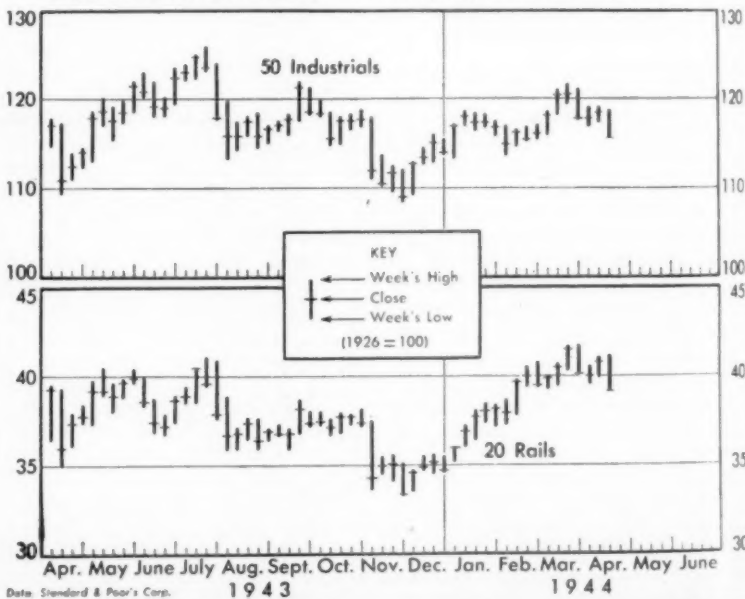
• **Expects Lower Prices**—The Street still hears some bullish sentiments expressed, but on the whole, no one seriously expects the market to reveal any recuperative powers until the present crop of near-term uncertainties has been clarified. In fact, the Street really expects lower prices before this happens.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial . . .	115.6	118.5	120.5	112.7
Railroad . . .	39.1	40.8	41.5	37.4
Utility . . .	50.0	51.6	52.2	45.5
Bonds				
Industrial . . .	121.1	120.9	120.0	116.0
Railroad . . .	105.6	105.9	105.6	97.9
Utility . . .	116.5	116.7	115.8	113.6

Data: Standard & Poor's Corp.

COMMON STOCKS—A WEEKLY RECORD



THE TRADING POST

Brass, No Bulls, No Butter

Donald Nelson went to the War Production Board from Sears, Roebuck. So only natural that the War Production Board should have a catalog. And as the Sears, Roebuck catalog gives some idea of the immense assortment of human wants that must be met in our country, so the WPB catalog gives you some idea of the path-taking dimensions of the entire economy—from farm through factory, wholesaler, and retailer.

WPB's catalog is 210 pages, printed in a telephone-book type. It is called *Products and Priorities*. There are no pictures. It is a straight list of the products that come in one way or another under the WPB purview, and of the orders that control them—if any.

It starts off with "abaca" (manila hemp) and ends with "zwieback." In between, your eye catches such items as abdominal supports (not corsets), abietic acid, edible; car end lighters, railroad; door jambs; egg processing plants; glaziers' points; hydrogenated castor oil phthalate; jewelers' tools; pianos; pins, belaying; shoe trees; shims; viscosity cups; zinc dust.

Behind each of those finely printed items is a story—if someone only had the time to ferret it out. Usually it's a story of how manufacturers, retailers, farmers come forward with their pleas to relax controls on this item or ease materials for that one. During recent weeks, such pleas have been entered in behalf of copper and aluminum for such diverse products as cello moisteners, lipstick holders, and machines to daub marshmallow on cookies. These requests, as you might expect, were not granted.

But a plea for bull rings was something else. It's worth noting, for it shows how the war has extended the long arm of government into the nation's farms and factories—and for what predictable reasons it is called upon to reach farther and farther.

* * *

The story starts in October, 1941, when the War Production Board issued a basic copper order M-9-c (BW-Jan. 44, p. 54). This restricted the use of copper, brass, and bronze in a long list of products. It was expected that complaints would pour in from plumbers, brass bands, hardware dealers, and numerous manufacturers. But few were efficiently clairvoyant to suspect that the most persistent protest would come

from farmers in a stubborn demand for "brass bull rings, or else."

* * *

If you were brought up on a farm, you know that a bull is led around by the ring in his nose; that this ring is about one-quarter of an inch thick, three inches or so in diameter; that it is pointed, like a loose-leaf notebook ring, and is threaded through the soft cartilage of the bull's nose. The farmer attaches an iron or wooden staff to this ring, and this staff keeps the bull at a safe, horn's-length distance away from his person. Each ring weighs four to five ounces, or the equivalent of one .50 cal. shell.

In October, 1941, five companies manufactured bull rings. WPB suggested they use steel, instead of brass. Three of them promptly withdrew from the business. They feared that steel would corrode and cause infection, that many valuable animals might die, and that they, as the makers of the infectant steel nose rings, would be liable to lawsuits brought by aggrieved farmers.

Though two companies continued in the business, steel rings just didn't go over. Many farmers tried to handle high-spirited bulls without any ring at all. There were some unpleasant accidents. Some farmers ducked the entire issue by selling off their bulls for beef. As a result, it was argued—and it's in the official records—that there were not enough bulls around to do the necessary siring, that, therefore, the cattle population was not expanding as rapidly as it would if the brass rings were in circulation. In effect, WPB was accused of enforcing birth control on the farm.

That charge was too much. WPB called on the Dept. of Agriculture and numerous agricultural colleges to pass on the merits of The Steel vs. The Brass Ring. The consensus was that steel was as good as brass, that it would not cause infection.

Despite this authoritative judgment, many farmers were adamant: No steel rings for their bulls! And so in January, in the interest of free and untrammelled procreation on the farm, a year's supply of copper—240,000 pounds, good for 700,000 to 800,000 rings—was released to the bulls.

* * *

The rings sell for about \$1.50 apiece. So you've just been reading about a better-than-a-million-dollar-a-year industry. And even in an economy that verges on the trillions, that isn't pin money. W.C.

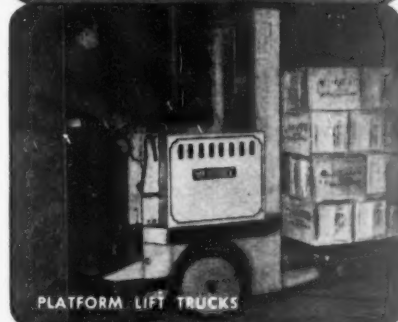
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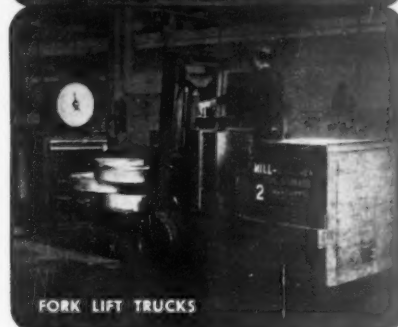
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THE TREND

MORE MANPOWER—OR LESS?

Factory employment has dropped by 600,000 in four months (cover chart). Right now, that's the nation's most critical economic trend. It's made doubly critical because our economic high command—officials in charge of procurement, production, and manpower—can't agree on what it means. Divided opinion means divided policy. Worse, if the sharp new trend continues, it might precipitate a crisis before long. But what crisis?

Fundamentally, the issue is this: Is the drop in employment primarily a drop in demand for labor, or a drop in supply? In a measure, it's both; the statistics prove that.

Some decline, as in canning, was purely seasonal.

Some was due to increasing labor shortage. That is obvious, for the declines affecting 17 of 20 industry groups were widespread, and were especially marked in such industries as lumber, textiles, and steel—all of which needed additions rather than reductions in manpower.

Some was due to arms cutbacks. Thus, employment in chemicals, including small arms ammunition and explosives, was reduced by more than 100,000 in four months.

• **More difficult to interpret** is the drop of more than 200,000 workers in the industries making aircraft, engines, ships, and machinery. Some plants suffered cutbacks—trainer planes, escort vessels, machine tools—but most were scheduled to increase output substantially. Yet employment dropped.

This raises the question of whether plants needed fewer workers to turn out more production because efficiency increased. Output per man-hour has been rising in war work for a long time. Yet at some point, after many advances in "know-how," efficiency must approach a ceiling, and in industries that have been cut back, efficiency tends to fall, along with output.

Plant-by-plant data on efficiency are incomplete. We do know that total job rosters in war industries dropped about 4% in four months, while total production of munitions was going down about 3%. But such over-all measures are far from precise, and differences of a couple of percent over a few months cannot be taken as conclusive evidence either way. The fact that war output went down is not itself surprising when munitions programs are being shifted sharply.

• **In any case, the drop in factory jobs** hasn't increased unemployment; it is still less than 1,000,000—often considered an irreducible minimum of persons in process of changing jobs. Though total employment has fallen in recent months, that trend isn't new for ever since Pearl Harbor, men have been drafted faster than women, youngsters, or older persons replaced them. More significantly, recent data indicate little or no change in non-

factory employment, aside from seasonal ups and downs, whereas a rise would occur if manpower were easing, and a drop if it were tightening.

Here, the declines both in demand and in supply of labor offset each other; in the factory figures, they combine to produce a downtrend. Neither statistic, however, proves whether the labor market is easing or tightening.

• **Recent figures still show fewer male workers**, altogether each month. But increasingly, the armed forces are going on a replacement basis. This will ease pressure, but only if casualties are not large, if service men discharged for disabilities take over jobs of draftees, if old and young men do not tire of long hours and heavy work and quit. Similarly, the labor balance will be affected by whether more women quit jobs to return home than leave home to take jobs. There are as many women workers as there were a year ago; but the figures don't show which way the tide is running—if at all.

Of course, an easing demand for labor won't always offset a shortening supply of it. Foundries may be short of men, while ordnance plants are laying off women. St. Louis needs may be easing, while Chicago requirements are rising. Skilled toolmakers may be losing jobs, while common labor may be scarce.

So long as the changes don't balance, Washington policy must face two ways—to encourage reconversion in labor-surplus areas, for example, and yet ban increased civilian output in labor-short areas (as was done last week).

But more fundamental is the question which way the manpower emphasis is shifting. Those who feel that arms efficiency will rise sharply, that the draft will taper, that ex-service men will take jobs, that women will "stick," that more youngsters will work or fight, foresee from the figures sizable unemployment and the need to reconvert before long. Others insist that efficiency is near its top, that casualties may be heavy, that marginal workers are quitting, that the young-man draft creates new bottlenecks; and they conclude from the data that a manpower crisis is in the offing which requires a further extension of stringent controls.

• **Right now, despite the sharp division**, there is an uneasy balance in Washington policy. Perhaps the opposing forces in the manpower picture themselves stand in an unsteady balance. But if the new downtrend in factory jobs holds, its significance will become clear, and sharp action will be required. If so, incidentally, it's apt to prove again a case of worsening shortage. Washington optimists have been wrong before.

The Editors of Business Week

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